

# Making digital work in a hybrid world



## OUR PURPOSE

# We make the digital world work for people, planet and profit

By providing relevant analytics on how your home, hybrid and office workers are experiencing your digital workplace we unlock opportunities to effect significant change across your organisation - this includes Environmental, Social and Governance (ESG), Diversity, Equity & Inclusion (DE&I) and people initiatives as well as recovering lost profit due to frustration and wasted time across your workforce.

Recovering wasted time can also help with revenue and business efficiency.

## Getting the digital experience right is a people, planet and profit opportunity.

▶ Discover more on pages 7 and 8.

***The pandemic has forced businesses to accelerate their digital transformation.***

Dave Page  
CEO



## HIGHLIGHTS

## FINANCIAL HEADLINES

Revenue

**£1.74m**

(2020: £1.96m)

Loss for the year

**£5.85m**

(2020: £4.68m)

Loss per share

**10.84p**

(2020: 9.87p)

Cash and cash equivalents

**£8.22m**

(2020: £2.75m)

## OPERATIONAL HIGHLIGHTS

- Launched new Human Experience Management (HXM) products.
- Received and successfully completed first Business Impact Assessment (BIA).
- Received first large multi-year Continuous Improvement (CI) order subsequent to year-end.
- Completed an over-subscribed £10m equity fundraise in January 2021.
- Received notice after year-end that a long-standing legacy contract will not renew in the 2022 fiscal year; this contract delivered revenues of £1.2m in 2021 and is expected to contribute £0.4m in the 2022 fiscal year.

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PEOPLE, PLANET AND PROFIT OPPORTUNITY

# Making digital human



Improving employee wellbeing  
We're here to make the  
experience of hybrid working  
better for everyone.

PEOPLE, PLANET AND PROFIT OPPORTUNITY CONTINUED

# Performance is personal



Creating a level playing field

We understand that everyone has a unique experience of hybrid working.

PEOPLE, PLANET AND PROFIT OPPORTUNITY CONTINUED

# Working towards a sustainable future



Reducing the need for business travel  
Creating digital ecosystems that have a positive impact on people, planet and profit.

PEOPLE, PLANET AND PROFIT OPPORTUNITY CONTINUED

# It's about time



Giving employees back time in their day  
**When every minute counts  
our analytics make a difference.**

AT A GLANCE

# Human Experience Management (HXM)



Our unique analytics quantify the impact that the digital workplace has on employee experience and business efficiency, pinpointing areas for improvement.

### Why Human Experience (HX) matters

HX describes the impact that our digital interactions with a company, product or service have on us as people; how we're left feeling or what we lose due to the digital workplace slowing us down.

When we understand HX across the workforce, we not only identify those individuals who need immediate support to prevent burnout, undue stress and employee turnover, but also the significant payroll and revenue consequences arising from these poor experiences cumulatively across the business.

Gaining this deep visibility of both the impact and causes of substandard HX is the key to building a sustainable work-from-anywhere ecosystem that meets the rising demands of the new ways of working.

### How we measure HX

Getting the digital workplace right is about applying data to real life.



### The impact of HX on a business

HX, although individual, has a measurable, cumulative effect across a business. By pinpointing how many productive hours an individual loses per week, the cost of total lost time can be calculated and the areas of highest loss identified.



This data is based on recent customer engagements and is for illustrative purposes only.



AT A GLANCE CONTINUED

Actionable data for businesses to continuously improve the Human Experience of employees.

→ In a remote or hybrid working environment our data helps our customers take action to drive forward their people, planet and profit agenda.

HOW WE WORK WITH OUR CUSTOMERS



Patents granted

- UK
- Germany
- France
- Spain
- USA
- China

Our route to market

We engage with large enterprise customers either through our Channel Partners or with our direct sales team. In some cases, our direct sales and marketing efforts result in an order which is serviced by a Channel Partner.

Our partners



Direct sales

This model involves directly marketing to a target audience of people, technology and finance leaders. This offers us more feedback to better understand which elements of the value proposition and messaging are working.

## CHAIR'S STATEMENT

“I remain excited by the very significant addressable opportunity and the prospects for the Company.”



## CHAIR'S STATEMENT CONTINUED

Transitioning to effective hybrid home and office working practices has become a priority for most enterprises and our Analytics as a Service (AaaS) delivers a much-needed new source of actionable data and insights that helps companies to achieve their people, planet, and profit goals.

2021 has been a pivotal year for Actual Experience as the pandemic emphasised the significant digital inequalities in the UK and globally. A priority has been to work with our large partners to enable them to develop the capability to market our Hybrid Workplace Management System to their customer base. Equally important has been our focus on building a direct sales capability. As noted more fully in the Chief Executive's Statement, an important early success has been the adoption by a leading global energy supplier of our Continuous Improvement (CI) service. At the time of writing, three other customers have completed their initial Business Impact Assessment (BIA) and we are in discussions with them regarding a transition to CI engagements. The Company is currently focused on a significant number of other commercial opportunities with very large enterprises.

As noted in the Financial Review, an impairment charge of £820,110 has been recorded in the Financial Statements for the year. This charge primarily arises from the decision to refocus the business on the delivery of the Company's Hybrid Workplace Management System. A consequence of this decision has been to de-emphasise several software development projects. While it is possible that there will be future sales from this technology it is not currently being actively marketed and, accordingly, it has been decided to fully expense this previously capitalised expenditure.

As previously announced, a long-standing contract that relies on our legacy offering, will not renew in the 2022 fiscal year due to a change in customer strategy. This contract delivered revenues of £1.2m in the year just ended and is expected to contribute £0.4m in the 2022 fiscal year.

## Equity placing

The £10m placing in January 2021 has enabled the Company to develop a direct sales capability to augment our existing Partner channels. In addition, we are investing in the further development of our cloud infrastructure to enable it to scale to meet the demands of the world's largest organisations. A further priority is to increase the automation of customer reports; in this way, we will be able to increase the number of customers that the Company is able to service concurrently.

I would like to thank all shareholders for their support. Our year-end net cash stood at £8.2m (30 September 2020: £2.7m).

## People

In April, we announced my decision to retire from my role as Chair by the time of our Annual General Meeting to be held in March 2022, with the intention of remaining a Non-executive Director for a further year.

As announced in September 2021, Kirsten English, a current Non-executive Director, will become our next Chair. Kirsten has extensive, relevant experience and I am confident she will be a strong successor. Kirsten was appointed to Actual Experience's Board in January 2020.

In March 2021, we welcomed Sandy Sadhra, as General Counsel and Investor Relations Director, to the senior leadership team, and in October 2021, Scarlet Jeffers as Chief Product Officer.

On behalf of the Board, I would like to take the opportunity to thank all our employees for their dedication, commitment, and achievements in what has been for many people a personally challenging time.

## Outlook

As noted above, our sales team are engaged, directly or with partners, in multiple sales opportunities. Our clear focus in the coming months is to convert these opportunities to recurring Continuous Improvement revenue streams. Notwithstanding this, we are aware that shareholders have been frustrated with the rate of progress to date. Management is making every effort to accelerate the development of the prospect pipeline by assimilating lessons learned from initial sales engagements and is seeking to optimise current and future sales cycles. However, one of these lessons is that sales cycles will typically be longer than initially expected and therefore our planning has been adjusted to accommodate this timing. Further details of our operational and financial considerations in this regard are outlined in the Directors' Report and Note 1(a)(v) to the financial statements.

Our innovative technology has been validated by early customers and, as large enterprises increasingly recognise the need for actionable data and insights, I remain excited by the very significant addressable opportunity and the prospects for the Company.

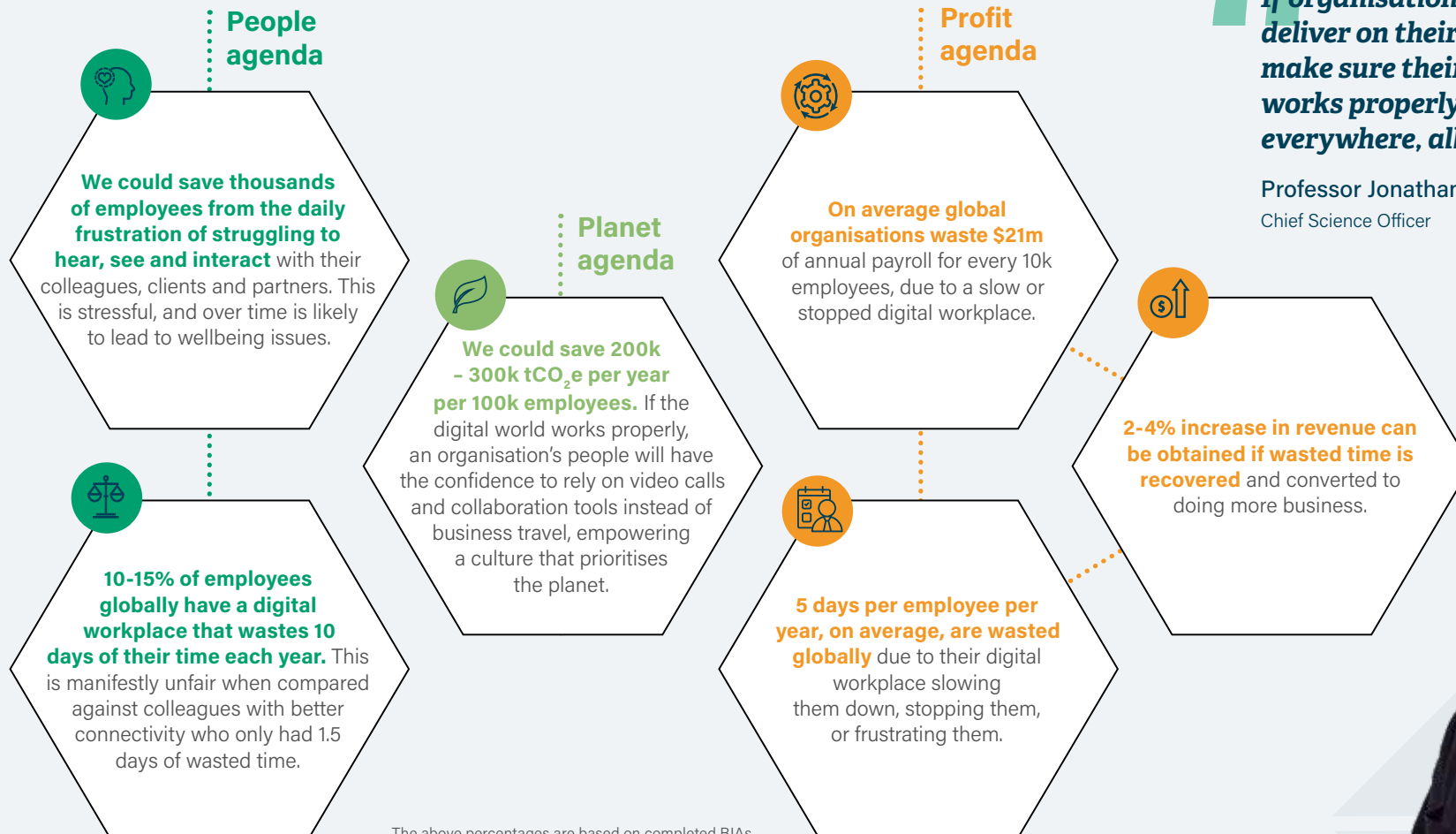
**Stephen Davidson**  
Chair

2 February 2022

MARKET OPPORTUNITY

# Time to adapt

From our customers, who typically have tens or hundreds of thousands of knowledge workers, we've discovered that:



The above percentages are based on completed BIAs

**If organisations are really going to deliver on their ESG targets, they have to make sure their hybrid digital workplace works properly for everyone, everywhere, all the time.**

Professor Jonathan Pitts  
Chief Science Officer



## MARKET OPPORTUNITY CONTINUED

## Our recent Reconfigured campaign found that seven in ten companies say they expect to shift to hybrid workplace models within the next year. To ensure a successful transition organisations should focus on four main priorities:

### 1. Define what hybrid means

In our survey of business leaders, 70% expect hybrid working to become the norm for their business, with only 18% expecting a full return to the office. A report from the World Economic Forum estimated that as much as 44% of all future work will be remote.<sup>1</sup>

To date, the focus of most companies' digital transformation initiatives has been the customer but, as digital working becomes more embedded, companies have shifted this to the employee.

<sup>1</sup> Future of Jobs report 2020, World Economic Forum.

#### What do you think could be the main benefits of getting the future workplace right?

38%

Stronger link between employees and corporate purpose

36%

Better alignment between customer experience and employee experience

35%

Better employee experience

### 3. Get to grips with data

The shift to a new way of working starts with data about how, where and how effectively employees work, yet many companies lack this basic asset.

One reason why companies have struggled to get the right data is because its collection has not been treated as a holistic, business-wide requirement.

"You need to pull datasets together from many different sources, from customer satisfaction to revenue performance, and experience of digital tools and employee engagement," explains Eleanor Philips, former CHRO of Informa. "There's a real art for the CEO in making sure it's on the agenda, and that there is a realistic set of KPIs that drive the conversation."

To explore the Reconfigured campaign in full please visit: <https://reconfigured.actual-experience.com/hub/home/>

#### In our research, we discovered that:

40%

collect and analyse data about how employees work to support decisions about new ways of working

18%

have a very good understanding of the needs of different employees

19%

have a very good understanding of the link between digital tools and employee wellbeing

### 2. True people leadership

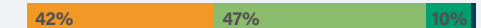
Outmoded views of the CHRO role as a tactical and administrative one need to be dismantled. "Organisations that genuinely care about their people and see them as a real asset will have a people leader who is focused on engagement, culture, performance and productivity," says Harriet Molyneux, Managing Director of HSM, an HR consultancy.

The need for collaboration between CEOs and CHROs has never been greater.

The investor agenda, around ESG as well as business performance, will also increasingly be seen as partially the CHRO's responsibility.

#### More work needed to plug CHROs into executive and board-level decision-making:

CHRO relationship with CEO



CHRO relationship with Chief Information Officer (CIO)



For CHROs to take centre stage they need to be plugged into executive and board-level decision-making. Only a minority of CEO, CIO and CHRO respondents say that their relationship with each other is very effective. The CHRO/CIO relationship appears to need most work, with 22% saying this is currently not effective.

● Very effective ● Quite effective  
● Not very effective ● Not at all effective

### 4. Rethink the role of the physical office

The office will remain an important part of working culture for most companies, but its purpose will change.

Many companies have jumped to the conclusion that, in a hybrid world, the office should primarily be a place for collaboration.

But this ignores the wider needs of employees, some of whom do not have comfortable set-ups at home to work, and see the return to the office as a highly welcome development to enable them to work more productively.

Making decisions about what work gets done where, and rethinking the role of the office, depends on having a good understanding of the types of work that employees do.

#### The six Cs of work

For Stephanie Bloor, Director of Workplace Strategy and Culture at PwC, work can be categorised into "the six Cs":

- Collaboration:** working together in teams to co-create, innovate and refine ideas
- Creation:** undertaking tasks requiring focus that are usually done individually
- Communication:** sharing information and updates
- Coaching:** developing employees and giving feedback
- Commitment:** agreeing to actions, making decisions and inspiring others to act
- Community:** socialising with team members, nurturing relationships

## INVESTMENT CASE

# We believe we are poised to build a technology success story

→ With our analytics software – a uniquely patented technology based on ten years' academic research – there is a rare opportunity to reach a vast, global, and growing addressable market. We believe there is an immediate and heightened relevance of our offerings due to the enduring COVID-related changes to global working practices.

## 1. Compelling proposition

Leading Analytics as a Service (AaaS) business focused on improving the digital human experience (HX) for our customers, run by an experienced management team backed by a supportive shareholder base.

## 2. Uniquely differentiated

Barriers to entry reinforced by our intellectual property and longstanding and evolving Channel Partner relationships.

## 3. Sizeable opportunity

Large addressable market – global digital economy worth \$29.4tn (source: 2019 UNCTAD Digital Economy Report).

## 4. Active pipeline

Growing blue-chip customer base with further pipeline on the back of demonstrable and tangible benefits for clients.

## 5. Complementary routes to market

Expanded routes to market, with direct sales channel in place to complement Channel Partner model.

## 6. Relevant

Ongoing pandemic trend of increased working from home/ hybrid working, as well as a renewed focus on good ESG practice, creating increased demand for our offering.

## 7. Momentum

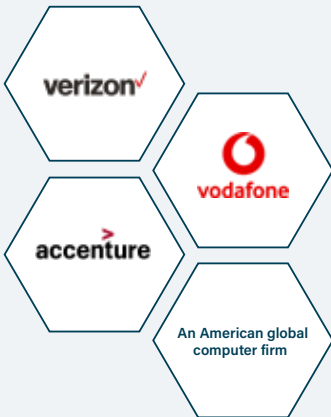
Contract win momentum supported by a Go-to-market pivot, underpinned by the quality and relevance of our technology offering.

OUR VALUE PROPOSITIONS

# Our Human Experience Management (HXM) Services

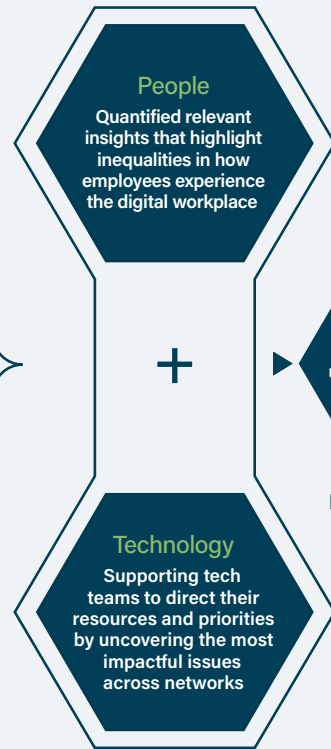
OUR CHANNELS

Through our partners



Direct sales

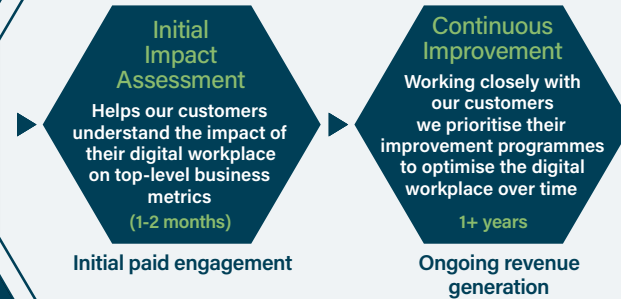
This model involves directly marketing to a target audience of people, technology and finance leaders. This offers us more feedback to better understand what elements of the value proposition and messaging are working.



Our offering

ENGAGEMENT MODEL

Our platform analyses the digital workplace of a customer and quantifies the effect this has on their people. Our initial phase samples roughly 10% of their workforce to identify key insights and then through CI we provide long-term, significant ROI by identifying and prioritising the projects that will have the biggest impact on the HX.



VALUE TO CUSTOMERS



## BUSINESS MODEL

# Our analytics give companies the actionable insight needed to improve their digital workplace



## Quantifying the Human Experience (HX) is the fundamentally unique capability of our Analytics as a Service (AaaS).

In an increasingly digital world, business leaders are taking ownership of digital strategy. They can make strategic decisions around:

1. People - their wellbeing and equality.
2. Planet – reducing business travel to achieve carbon targets.
3. Profit - giving employees back time in their day to do more.

### Annuity revenue model

We provide AaaS to our Channel Partners and our direct customers. They are able to deploy this onto their employee laptops and PC's and our analytics give them the actionable insight needed to improve the human experience of their digital workplace.

We charge for our services on a per employee basis. The greater the number of employees, the greater the fee. We believe, on the basis of our experience, that the revenue to us, from an 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.

## KEY STRENGTHS

### Intellectual property

- **Patents**  
We have patents granted in the US, China and Europe.
- **Trade secrets**  
It has taken more than ten years, since the creation of the Company, to make the patented technology work effectively in the real world.
- **Expertise**  
Within the Research and Development (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.

### Direct sales

In addition to our Channel Partnerships, we have developed a direct sales capability. This has increased over the last year. The recent wins and growing pipeline have allowed us greater insight into what and how we sell.

### 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.



## BUSINESS MODEL CONTINUED

## 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 workplace. Using our analytics, businesses can manage and improve the HX of their digital ecosystem, so that staff productivity is improved and the online brand is protected.

## HXM provides the business case for digital investments

We estimate 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 an ongoing Continuous Improvement service.

## Scalable operating model

We have invested considerable time and effort working with our Channel Partners for our services to be built into their customer offerings. We will continue our focus to be integrated 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 that take place digitally increases (along with the resulting growth in value), 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 aspires 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.

## ESG

By providing our customers with analytics on how home, hybrid and office employees are experiencing the digital workplace, they can effect significant change across ESG, DE&I and people initiatives.

## 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.

## CHIEF EXECUTIVE'S STATEMENT

“This has been the first full year of our people, planet and profit focused offering, and I’m pleased to say that our patented technology is being validated every day by some of the biggest corporates in the world.”



## CHIEF EXECUTIVE'S STATEMENT CONTINUED

As noted in the Chair's statement, the workplace has become far more digital for the vast majority of people. Two years ago our work with customers assumed that people spent 25-30% of their time working and interacting with each other digitally. Following the impact of the pandemic, and the global transition to hybrid working, our customers now tell us that their people spend 60-90% of their time working digitally.

It is therefore critical that the digital workplace works properly for everyone, everywhere, all the time. If it does, we know that efficiency increases and employee experience improves. If it doesn't, stress levels increase, trust evaporates and output declines.

Creating a more efficient workplace that supports better mental health and work-life balance sits at the heart of what our technology does. It helps our customers achieve digital equality for all employees and a digital workplace so reliable that business travel, and CO2 emissions, can be sustainably replaced by virtual meetings.

We have been working with global blue-chip organisations to provide a Hybrid Workplace Management System that prepares the digital workplace for new ways of working. It brings a fundamental new source of actionable data and intelligent visibility that helps our customers achieve their people goals, whilst benefiting the planet and enhancing their profitability ('people, planet and profit' as we have termed it).

### Performance review

Our strategic pivot to focus on the people, planet and profit issues of hybrid working is strongly aligned with ongoing changes to global working practices. While this is gaining traction with clients, our sales cycle has been longer than expected, and efforts to reduce this have been hampered by the pandemic and the resultant elongation of procurement processes and decision-making across many industries.

Nevertheless, we achieved a notable initial success with one of the world's largest energy suppliers. In early 2021 our Business Impact Assessment (BIA) identified significant people, planet and profit benefits that would result from specified improvements to their digital workplace. In August 2021, the customer awarded us a three-year Continuous Improvement (CI) contract worth £1m, with the potential for subsequent extensions. The CI programme will provide the energy supplier with actionable data on an ongoing basis to achieve and then maintain the identified people, planet and profit benefits.

In addition, we announced a BIA with a leading FMCG company in July 2021, our first major new business win from our direct sales team. Towards the end of the year, we were delighted to announce two further BIA contracts. The first of these was a sale to one of our Channel Partners to assist them with their own hybrid workplace strategy; this also provides their sales team with the ability to reference their own use of our offering to their customers. The second contract was with a leading global food and beverages business through one of our Channel Partners.

As previously announced, a long-standing contract that relies on our legacy offering will not renew in the 2022 fiscal year due to a change in customer strategy. This contract delivered revenues of £1.2m in the year just ended and is expected to contribute £0.4m in the 2022 fiscal year.

As noted in the Financial Review, an impairment charge has been recorded in the Financial Statements for the year. This charge primarily arises from the decision to pivot the business to the delivery of our Hybrid Workplace Management System, as discussed above. A consequence of this decision has been to de-emphasise several software development projects. While it is possible that there will be future sales from this technology it is not currently being actively marketed and, accordingly, it has been decided to fully expense this previously capitalised expenditure.

### People

Our people have been remarkably resilient over the last two years. Strong teamwork has enabled us to secure new business and grow our company in an environment that is both challenging and exciting.

We initiated our direct sales strategy early in 2021. It is intended to 'get out ahead' of our partners, generating demand for our new offering and creating compelling reference deployments. We expect many of these deals to be supported by our partners in terms of fulfilment.

We now have four talented direct sales people, while our expanded marketing team has leveraged social media channels to raise awareness of our hybrid workplace offering. This has included some highly insightful work with high-profile human resources (HR) thought leaders.

In parallel, our Channel Partners are improving their execution. They are placing more focus on accessing the right people for us to sell to, such as senior human resources executives.

### Hybrid future

Businesses, and their employees, particularly 'white-collar' workers, have enthusiastically embraced the myriad benefits of digitally-enabled hybrid working.

However, not all companies have realised how fundamentally hybrid working changes their organisation, and consequently they don't yet understand the impact the digital workplace is having on their people or their business. We seek to work with companies that have embraced this new paradigm and who recognise that we are able to provide the necessary new insights, visibility and actionable data. In this way, they are able to manage their evolving hybrid workplace to ensure that their people have the digital resources necessary to improve the efficiency of their business.

### Opportunities

We have a land-and-expand sales model, and are focused on developing and growing our business with the blue-chip organisations that have undertaken their initial BIA projects or are already in Continuous Improvement.

There is improving momentum in a growing pipeline of direct and Channel Partner sales opportunities, which also includes many large global blue-chip customers. We are expecting to grow the number of these opportunities and, with improving referenceability, convert them to BIA and ongoing CI customers.

### Investing in our capability

We are investing to scale our business. As our commercial sales activities increase, a priority for us is to further develop the scalability of our data centres so that they are able to meet the demands of the world's largest companies while improving our gross margins to 90%. Another area of focus for us is to increasingly automate the generation of reports so that we are able to handle higher volumes of projects.

### Outlook

Overall, whilst we have made good progress during the year, our sales cycle remains lengthy and efforts to reduce this have been hampered by the pandemic and the resultant elongation of decision-making processes. We are, however, making every effort to speed up this process. Further details of our operational and financial considerations in this regard are outlined in the Directors' Report and Note 1(a)(v) to the financial statements.

Positively, the continued focus on hybrid working and a growing investor focus on ESG and diversity, equity and inclusion are external factors that are strongly aligned with our new offering. We believe this macro-economic situation will continue to help us to accelerate the number of opportunities in our pipeline and grow our business with our existing blue-chip BIA and CI customers.

**Dave Page**  
Chief Executive Officer

2 February 2022

## STRATEGY

# Our priorities for the year ahead



The rapid digitisation of the workplace and consequent shift to hybrid working is one of the most far-reaching trends in business for decades.

It has the potential to create better business performance, as well as more equal and inclusive workplaces. It provides an opportunity to reduce business travel and carbon emissions, and to support workers' wellbeing, enabling them to work flexibly in the place and at the time that best suits them.

Our analytics are able to quantify the economic and business justification for the projects we recommend; projects that will support organisations in achieving their people, planet and profit objectives and provide a measurable improvement to their digital workplace.

Across the following pages we chart our progress over the last year and look ahead at the main priorities for 2022.

## STRATEGY CONTINUED

## → Engaging with our Channel Partners

As well as maintaining momentum with our existing partners our offering is attracting new interest including a signed partnership agreement with another multi-national technology company.

### Progress in 2021

- Closed our first large-scale Business Impact Assessment (BIA) deal with UK based telecommunications partner
- Received a significant call-off contract order from a global telecommunications partner
- Received our first independent partner-led BIA sale from one of our partners
- Expanded deployments with government clients of our UK-based telecommunications partner

### Priorities in 2022

- Leverage initial Continuous Improvement (CI) service with all Partners
- Expand our internal deployment with our global telcoms partners and use it as a reference to drive sales engagement
- Secure the first initial deployments of new Channel Partners

## → Growing our own sales pipeline

With the immediate need for hybrid workplace solutions we have recruited an Enterprise sales team. The purpose of this team is to engage with targeted accounts to generate demand to be fulfilled by our Channel Partners.

### Progress in 2021

- Recruited a dedicated Enterprise sales team
- Implemented a direct go-to-market plan to support Enterprise sales in top and mid-funnel engagements
- Booked and delivered our first large-scale direct Enterprise client BIA
- Initiated a BIA for the international arm of one of our Channel Partners

### Priorities in 2022

- Secure land and expand opportunities in target accounts supported by both Enterprise sales and Channel Partners working in tandem
- Continue Customer expansion to large scale CI to cover all employees
- Expand BIAs to all Partners (where appropriate) and then move on to CI for all employees

## → Developing our Human Experience Management (HXM) position

The global shift to the new way of working has added a complex dimension to HXM: the Hybrid Model. We're developing a solution that empowers our customers to navigate this new era with clarity and confidence.

### Progress in 2021

- Formed a deep understanding of the needs of the market as the world navigates the shift to hybrid-first working
- Evolved our core technology to quantify the impact of the digital workplace on both people and business performance

### Priorities in 2022

- Deepen our insight capabilities in both depth and breadth to cover more aspects that are important to our customers
- Develop our CI offering to track the progress our Customers make against their people, planet and profit agendas

## → Investing in our technical capabilities

To meet the demand of our evolved business model, we've been dedicating our resources to meeting the scale and demand from our new Customers as well as laying the foundations for aggressive growth capability in 2022.

### Progress in 2021

- Invested heavily in our ability to scale our measurements and analytics offering
- Successfully deployed to customers at ten times our previous scale
- Deployed a working Minimum Viable Product (MVP) solution for the hybrid working model

### Priorities in 2022

- Building a front-end web app for our Customers to engage with
- Developing our DU to take new kinds of measurements
- Automating our processes to increase delivery efficiency

## STRATEGY IN ACTION - CASE STUDY 1

# When every minute counts

Our Human Experience analytics can make a difference

## The challenge

A multinational company known for its ability to lead in sustainability for the environment and employee experience was suffering from the same challenges as many smaller, less established companies worldwide. The challenge of visibility of the employee experience whilst all staff were working from home.

As a company that prides itself as a leader in employee experience, this blind spot impeded their decision-making process, especially on its long-term future of work strategy. There is also the more immediate issue of providing support to the employees most in need.

## The solution

Following a deployment to 10% of their global workforce, our analytics helped the client identify the Continuous Improvement (CI) projects that will have the most significant impact on their future of work strategy. Allowing them to shine a light on employees' experience choosing to work either at home, in the office or both.

As our analytics require no employee interaction, such as surveys, we were able to analyse each digital worker's employee experience continually. This enabled us to provide a highly actionable dataset which helped the senior leadership team build the business case for investment in their people objectives.

## The numbers

### People

**10%**

of global workforce analysed

**15%**

of most affected employees were losing 28 days each year

### Planet

**220,000**

tonnes of CO<sub>2</sub> saved if digital workers could avoid business travel

### Profit

**\$170m**

payroll wasted each year

**\$722m**

potential revenue opportunity

## STRATEGY IN ACTION – CASE STUDY 2

# Global Energy Business

Location should be no barrier to performing at your best

## The challenge

A global energy company with over 10,000 employees wanted to understand the impact digital technologies had on employees' home-working experiences – especially its contact centre staff who were striving to deliver the same quality of customer service remotely.

The client had an urgent need for a consistent and reliable dataset that would feed into a Continuous Improvement (CI) process to target support and resources on those individuals and parts of the business who needed it most.

## What Actual did

Actual Experience deployed data-collector agents across the varying networks and technologies used by thousands of contact centre employees, analysing their home working environments and reporting on the experience of business critical applications.

Within four weeks, a BIA report was produced which enabled the client to:

- Identify an emerging equality gap among contact centre staff, with 10% of employees losing an entire working day a month (compared to colleagues doing the same role) because of poor technology provision.

- Use the dataset to confidently build the business case for optimising the application and network experience in order to close the equality gap.
- Effectively plan the resources required internally to improve the technologies they use to support home working.
- Prioritise resource allocation and improve operational efficiency by focusing efforts on application and broadband performance.

## The outcome

The client identified the projects and individuals who needed to deliver the most significant improvement to reduce the digital equality gap as well as recover operational efficiency.

This client is now undertaking a Continuous Improvement process. Having worked with Actual Experience for a sustained period they are now able to reassess the business as well as the efficacy of improvements already implemented, and consequently make further improvements until maximum operational efficiency is achieved.

**9 hours per month**

Identified equality gap

**127 minutes per day**

Time loss for worst case employee

**\$17m**

Annualised productivity at risk



## STAKEHOLDER ENGAGEMENT

# Section 172(1) statement and stakeholder engagement

The Board considered the interests of and the impact on all stakeholders when making a number of key decisions during the year, as demonstrated by the following examples.

## 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 has been to safely and efficiently manage the transition of its employees to home and hybrid 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 charitable initiatives in the city of Bath. 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 among all stakeholders.



## STAKEHOLDER ENGAGEMENT CONTINUED

## STAKEHOLDERS AND KEY TOPICS

### → Employees

- Employee welfare during the COVID-19 pandemic
- Transitioning to effective hybrid working arrangements
- Optimising functional operating structures
- Feedback on engagement survey
- Company business plan and performance updates
- Introduction of Long Term Incentive Plan (LTIP) for all employees
- 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
- Increased the scope and focus of our employee-led charity initiatives
- Participation in local charity and community events

## HOW WE ENGAGE

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 video conference meetings and use of Slack channels.

We continue to solicit employee feedback on key issues through regular employee engagement surveys.

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.

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](http://www.actual-experience.com).

The CEO regularly meets with local government and business groups to discuss shared objectives and plans.

During the year significant progress was made in terms of environmental and social initiatives. Central to this was the formation of an employee ESG Steering Committee during the latter part of the financial year which has launched a number of projects such as diversity training and new policies for volunteering and wellbeing.

Despite the impact of COVID-19 restrictions, employees participated in several local challenges, including the Big Bath Sleep-Out and sponsored walk, and the Bath half-marathon.

## OUTCOMES

- Evolution of operations to an effective combination of home and hybrid working.
- Development of new and engaging employee communication channels.
- Enhanced transparency and two-way communication.

- 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.

- 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.

- 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.

## RESPONSIBLE BUSINESS

# Principal decisions in 2021

The Board considered the interests of and the impact on all stakeholders when making a number of key decisions during the year, as demonstrated by the following examples.

## → Develop a direct sales and marketing capability

In making the decision, we considered:

### The impact on the long-term sustainable success of our Company

This will augment our existing partner strategy by creating demand and preference for our hybrid working offering by directly engaging with customers. Our partners will provide complementary services as projects transition into production.

### Stakeholder considerations

#### Employees

Five sales and marketing employees have been recruited to develop our direct sales capability, which augments our previous focus on Channel Partners. This initiative has given management enhanced insight into the market response to our technology, and this has been shared across the company to inform key product development and marketing decisions.

#### Channel Partners and their enterprise customers

Channel Partners have benefited from this market feedback as well as the establishment of strong reference sites.

#### Shareholders

Shareholders have expressed their appreciation of the improved market messaging and focus that has arisen from our direct engagement with potential customers.

#### Outcome

We are pleased with the significant improvement to our list of active sales prospects and believe that this will be a material contributor to future sales growth. Early success includes an order from a large global FMCG organisation.

## → Pivot of sales and marketing efforts to target people, planet and profit stakeholders, such as Human Resources

In making the decision, we considered:

### The impact on the long-term sustainable success of our Company

Our decision to focus our sales and marketing initiatives on senior HR professionals has been vindicated by the commercial traction that has been achieved. Chief Human Resource Officer (CHRO) and Chief People Officers are intrinsically involved with the employee experience of the digital workplace, especially its recent evolution in response to digitally enabled hybrid working.

### Stakeholder considerations

#### Employees

Our employees are excited and energised by the strong market response to our timely focus on optimising hybrid working and the resulting positive impact on such issues as wellbeing and carbon emissions.

#### Channel Partners and their customers

Our Channel Partners support our CHRO focus. They have benefited from the insights provided by our technology and the resulting C-level strategic conversations covering a broad range of topics, including profitability and employee wellbeing.

#### Shareholders

Our shareholders also support our focus on one of the most significant commercial developments in recent years, the rapid transition of information workers to a more flexible hybrid working environment.

#### Outcome

Already, our sales and marketing pivot has led to strong interest from large enterprises as they seek to support and facilitate more flexible ways of working. We have announced orders from four large blue-chip organisations.

## RESPONSIBLE BUSINESS CONTINUED

# At Actual Experience, we believe that a company is only as successful as its employees



Our people are  
**smart, highly motivated  
and enthusiastic.**

During this financial year, the Company made the decision to bring environmental and social matters to the forefront, embedding them in the core of its operations, and as a result formed the Environment, Social and Governance Steering Group, composed of a diverse group of employees from across the business.

The aim of the Group is to develop a framework of KPIs for environmental, social and governance themes, against which performance will be measured, and to agree the necessary policies and initiatives. The Group will report to the Board on a quarterly basis.

## RESPONSIBLE BUSINESS CONTINUED

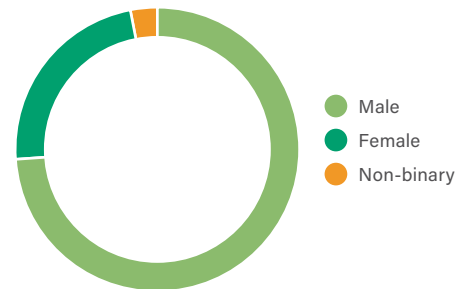
# Our People and Culture

## Equality, diversity and inclusion

We are an equal opportunity employer welcoming job applications from suitably qualified individuals, regardless of their race, sex, disability, religion/belief, sexual orientation or age.

Our workforce is 23% female, 74% male and 3% non-binary, while the leadership team and Board of Directors have one female representative each. We foster a supportive and inclusive culture at Actual Experience and aim towards greater diversity throughout the organisation.

### Our workforce gender diversity



## Employee profile – Dev Jones

I'm Dev (they/she) and I have worked at Actual Experience for over four years.

Throughout my time with the Company, I have always felt accepted and supported. Initially this was in reference to my mental health conditions, I am autistic and I have Bipolar 2 and ADHD.

Over the last 2.5 years, I have amended my gender identity from cisgender male to non-binary to non-binary transfem. Accepting myself for who I am yielded immediate (and lasting) internal relief from stressors that I didn't even know existed. Much as all this has led to internal improvements, the idea of coming out to the world was, and still is, terrifying.

Transgender people are at increased risk of violence, suicide, and structural discrimination, including but not limited to, employment-based discrimination. We find it harder to get jobs, and when we do find employment we earn less (on average) and find it harder to progress.

I came out to my colleagues slowly. When a non-binary colleague opted to announce their situation over Slack (including adding their pronouns to their display name) I decided to do the same. My line manager contacted me to ask why I had done so, which led to a conversation about my situation. My manager has been respectful and considerate throughout my journey.

HR were keen for me to share my thoughts on updating the Equal Opportunity and Dignity at Work Policy document in regards to the use of language referencing transgender and gender-specific signage within the office.

Everyone has been supportive of my journey and while I can appreciate that use of gendered language can be habitual, I have received no negative comments, nor have I seen any negative behaviours from anyone in the Company since coming out.

**“Throughout my time with the Company, I have always felt accepted and supported.”**

## RESPONSIBLE BUSINESS CONTINUED



### Mental Health and wellbeing

The wellbeing of our employees is paramount. We ensure that all employees have regular one-to-one meetings with their managers, with an emphasis on wellbeing in addition to performance.

We believe that mental health first aid is as important as physical first aid. We provide annual mental health awareness training for employees and line managers and have invested in training employees in mental health first aid. Our Mental Health First Aiders are always available for a confidential chat with employees. They know how to react to mental health emergencies and direct employees requiring additional assistance.

Through our employee benefit provider, our employees also have access to an Employee Assistance Programme, which is available to provide help and guidance on any employment, personal or family issue, in confidence and without limitation. This service is available 24 hours a day, seven days a week.

### Work-life balance

Actual Experience has a hybrid working model, enabling employees to share their working time between home and the office, or work from home full-time.

Work-life balance is an important aspect of a healthy work environment and we believe that giving our people the choice on where, when and how they work is vital in retaining talent and keeping employees motivated. Regular surveys ensure that home working environments are safe, employees have suitable equipment and are supported in carrying out their roles.

### Training and progression

Line managers encourage employees to create their own Personal Development Plans (PDPs), enabling each employee to take responsibility for their own professional development. PDPs identify training that can be mutually beneficial to both employee and organisation.

Managers use the Learning Management System (LMS) to define clear career pathways for their teams. The Company promotes internal advancement opportunities and gives employees an opportunity to move between roles and departments.

## Employee profile – Aaren Hopkins

Training and progression are incredibly important components to any business or employee and Actual Experience is no exception. During my time at Actual, they have facilitated and supported my career progression at every opportunity – from on-the-job mentoring to self-study guides or instructor-led courses – they have provided a wide range of training materials that have been tailored to suit my needs as an employee and an individual.

This training has allowed me to design and implement an effective mobile and identity strategy for the new world of hybrid working – enabling our workforce to remain secure and productive, regardless of physical location.

I have also been actively encouraged to translate my knowledge and training to digital content for our internal Learning Management System: empowering my colleagues through shared knowledge!

#### Training:

- CompTIA Network+ 2011
- PowerShell Scripting
- MS Azure Data Fundamentals
- MS Azure Administrator Associate
- MS Azure Fundamentals
- MS Power Fundamentals

#### Certifications:

- CompTIA Network+ 2011
- MS Azure Fundamentals
- MS Azure Administrator Associate
- MS Power Fundamentals

**“Actual have facilitated and supported my career progression at every opportunity.”**

## RESPONSIBLE BUSINESS CONTINUED

# Our Community

## Charity

Actual Experience is proud to support Julian House and Rainforest Concern, two charities based in the company's home city of Bath.

Julian House supports vulnerable and at-risk individuals experiencing homelessness, escaping domestic abuse, living with learning difficulties and people who need support after leaving prison.

Rainforest Concern works with indigenous people to protect threatened natural habitats and the biodiversity they contain by purchasing land that would otherwise be subject to deforestation and establishing private reserves that enable the connection of fragmented habitats for native wildlife in nine countries across South America, Europe and Asia.

Despite the ongoing impact of the pandemic, which caused many fundraising events to be cancelled or postponed, in 2021 the company managed to almost meet its £2,000 fundraising target for Julian House by participating in events such as the Big Bath Sleep-Out, the Circuit of Bath Walk and the Brain of Bath, in addition to donations from employees. The company slightly exceeded its £1,000 fundraising target for Rainforest Concern.

## We're proud to support:



## What our charity partners say

***Julian House is incredibly grateful for the continued support of Actual Experience. Their support given frequently goes beyond financial donations and Julian House benefits heavily from engagement of the Actual Experience team including their participation in Julian House events, as well as their vital volunteer support and workshops provided for Julian House staff. We are delighted to have such strong links with the team and organisation as a whole, who help us to continue to positively benefit the community of Bath and the South West.***

**Jess Gay from Julian House**

***We were delighted to welcome Actual Experience as a valued supporter of Rainforest Concern's projects protecting threatened forest habitats around the world. Actual Experience's contribution has helped us to preserve rare cloud forests in north-west Ecuador and the endangered species that depend on them, including spectacled bears, ocelots and the recently discovered olinguito, a member of the raccoon family. The charity depends on the support of corporate and individual donors and is particularly pleased to welcome a fellow 'local yet global' organisation such as Actual Experience as a project partner.***

**Megan Witty from Rainforest Concern**

## RESPONSIBLE BUSINESS CONTINUED

# Sustainability

The Board is mindful of the overall positive impact the Company can have on the climate agenda by enhancing hybrid working and reducing travel costs. Our own Company footprint is relatively modest and we continue to work on further reducing it. Some of the key areas of focus for the Company are outlined below.

Our sustainability policy provides effective management of waste electrical products and our regular Waste from Electrical and Electronic Equipment (WEEE) processing ensures all waste electronic and electrical items are saved from landfill, and recycled wherever possible.

As a company dealing in data, our main environmental impact comes from data centre usage. Our main data centre supplier is AWS.

## Sustainable sourcing

### Sustainable sourcing - AWS

Amazon Web Services (AWS) is a subsidiary of Amazon providing on-demand cloud computing platforms and Application Programming Interfaces (APIs).

AWS is continuously working to increase the efficiency of its facilities, and its scale allows it to achieve higher resource utilisation and efficiency than typical on-premise data centres. When possible, AWS incorporates direct evaporative technology for cooling its data centres, reducing energy and water consumption:

- During cooler months, outside air is directly supplied to the data centre without using any water.
- During the hottest months of the year, outside air is cooled through an evaporative process using water before being pushed into the server rooms, and AWS has optimised the cooling systems to minimise water usage.

AWS has also demonstrated its commitment to water stewardship by using reclaimed or recycled water instead of potable water in multiple regions, and is working with local utilities to expand the use of reclaimed water.

Source: <https://sustainability.aboutamazon.com/environment/the-cloud?energyType=true>

### Other initiatives

AWS is working to reduce the embodied carbon in its new data centres. Embodied carbon is the carbon emitted during the extraction, manufacturing, and transportation of materials to the data centre construction site. It is dispersed in the atmosphere before the data centre is operational.

AWS is starting by reducing embodied carbon in the primary structural materials used in its data centres (concrete and steel). By reducing the cement content in concrete and sourcing steel from electric arc furnace mills, AWS can reduce the embodied carbon in the structure of its data centres by at least 20%. These requirements are already included in projects in Dublin, Singapore and San Francisco, and will be standard in AWS-operated data centres by the end of 2021.

**AWS is on the path for using 100% renewable energy by 2025 and being carbon neutral across all of Amazon by 2040.**

## FINANCIAL REVIEW

“While our Partners will continue to represent an important sales channel for Actual, it is expected that a significant proportion of future revenue will be generated by the Company’s recently formed direct sales team.”





## FINANCIAL REVIEW CONTINUED

### Revenue

Revenue recognised in the year ended 30 September 2021 was £1,741,207 (2020: £1,960,933) and relates to the supply of hybrid workplace Analytics as a Service (AaaS) and associated consultancy services to customers. Approximately half of the revenue reduction relates to the ending of small legacy contracts, with the balance attributable to the increase in value of sterling against the US dollar.

99% of revenue was derived from sales to Channel customers (2020: 99%) with the balance arising from direct sales. This high percentage reflects the Group's prior strategic focus on achieving revenue growth from its Channel Partners. While our Partners will continue to represent an important sales channel for Actual, it is expected that a significant proportion of future revenue will be generated by the Company's recently formed direct sales team.

### Cost of sales and gross profit

The gross profit for the year was £833,209 (2020: £1,020,400); the decrease from the prior year is a result of lower revenues. Included in cost of sales are data centre cloud expenses of £534,262 (2020: £507,566), and salary and related costs of customer support teams totalling £373,736 (2020: £432,967).

### Expenses

Administrative expenses comprising R&D, operational support, sales and marketing, finance and administration costs, and foreign exchange gains and losses, totalled £6,721,914, an increase of £1,121,305 compared to the prior year. Most of the increase in expenses in the year relates to an impairment charge of £820,110 (2020: £nil) relating to previously capitalised costs as detailed in Note 12. This impairment charge primarily arises from the decision to refocus the business on the delivery of the Company's Hybrid Workplace Management System. A consequence of this decision has been to de-emphasise several software development projects. While it is possible that there will be future sales from this technology it is not currently being actively marketed and, accordingly, it has been decided to fully expense this previously capitalised expenditure.

The rest of the increase arises from the additional investment in the business following the completion of the equity fundraise in January 2021. Personnel costs, however, continue to be the largest expense and represent approximately 63% of the Group's cost base (2020: 83%). The functional cost breakdown is as follows:

|                                                        | 2021<br>£        | 2020<br>£ |
|--------------------------------------------------------|------------------|-----------|
| <b>Administrative expenses</b>                         |                  |           |
| Research & development                                 | <b>2,131,682</b> | 1,960,213 |
| Impairment to previously capitalised development spend | <b>820,110</b>   | –         |
| Operational support                                    | <b>1,008,287</b> | 1,055,113 |
| Sales & marketing                                      | <b>1,548,040</b> | 1,512,709 |
| Finance & administration                               | <b>1,209,945</b> | 1,045,116 |
| Foreign exchange losses                                | <b>3,850</b>     | 27,458    |
| <b>Total</b>                                           | <b>6,721,914</b> | 5,600,609 |

### Tax

The tax credits recognised in the current and previous financial year, £44,103 and £295,550 respectively, arose from the accrual of R&D tax credits.

### Loss for the year

Losses after tax totalled £5,847,195 (2020: loss of £4,681,488). This increase in losses is the result of lower revenues, lower tax credits, and the impairment charge.

### Loss per share

The loss per share for the year was 10.84p (2020: loss per share of 9.87p). The increase in loss per share reflects the increase in total comprehensive loss for the year, partially offset by an increase in the weighted average number of ordinary shares in issue.

### Dividend

No dividend has been proposed for the year ended 30 September 2021 (2020: £nil).

### Cash flow

As noted in the Chair's Statement, the Company completed a £10m (gross) placing in January 2021. This placing resulted in the significant increase in cash during the period; the Group ended the year with cash and cash equivalents totalling £8,216,198 (2020: £2,754,274).

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 2021, 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 £3,145,093 for the year, compared to cash used of £3,856,067 for the year ended 30 September 2020. The increase in trade and other payables and

the decrease in trade receivables contributed to this reduction in cash used by operating activities. This operating cash requirement was funded by cash reserves.

Free cash flow for the year was £(3,861,701) (2020: £(5,004,343)). 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.

### Software development capitalisation

The Directors believe that the software development capitalisation criteria in IAS 38 have been met and accordingly development costs, net of amortisation charges of £897,199 have been capitalised, as at 30 September 2021 (2020: £1,972,781). An impairment review during the year resulted in assets of £820,110 being written off, as detailed fully in Note 12.

### Accounting policies

The Group's financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The Group's significant accounting policies have been applied consistently throughout the year.

### Principal risks and uncertainties and going concern

As more fully described in Note 1(a)(v) to the financial statements, the amounts and timing of future revenues remain uncertain. If the Group is unable to secure an appropriate combination of new revenue contracts and/or cost reductions, then it may not have sufficient resources to meet its liquidity requirements for the foreseeable future. Accordingly, material uncertainty exists which may cast significant doubt about its ability to continue as a going concern.

Other risks and uncertainties are summarised on pages 33 and 34.

### Key performance indicators

As the Group is in the process of developing and commercialising its services, the Directors consider the key quantitative performance indicators to be sales revenues of £1,741,207 (2020: £1,960,933) and the level of cash held in the business of £8,216,198 (2020: £2,754,274). 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 DUs, 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

2 February 2022

## PRINCIPAL RISKS AND UNCERTAINTIES

### 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 their findings to the Board. Operational management of risk is delegated to an Executive Risk Committee, which is chaired by the CFO and includes key functional managers. The identified risks are ranked by likelihood and potential impact and listed in a master risk register. The Risk Committee develops and deploys mitigating strategies, and regularly assesses the effectiveness of these initiatives.

### DESCRIPTION OF RISK

#### 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. We make significant investments 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.

#### 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.

#### 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 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.

### Principal operational risks

The principal risks and uncertainties that the Board believes could have a significant adverse impact on the Group's business are set out below. The table is not intended to be exhaustive, and the principal risks are not listed in order of seriousness or potential impact. There may also be risks that are not currently considered to be serious or which are currently unknown and risks that are outside of the Group's control. Where reasonably possible, the Group has taken steps to manage or mitigate the risks, or potential risks, but it cannot entirely safeguard against all of them.

### MITIGATION OF RISK

#### 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.

#### 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 inter-operate efficiently as required to deliver and support our services at scale.

#### Developing improved customer engagement practices

Management has acquired considerable experience in partnering with large Channel customers and seeks to apply best practice learning to drive efficiencies and improve its operational capabilities.

While maintaining sales focus on Channel development, the Group will continue to develop the capability to effectively sell direct to large enterprises.

## PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

### DESCRIPTION OF RISK

#### Adequacy of financial resources

As more fully described in Note 1(a)(v) to the financial statements, the amounts and timing of future revenues remain uncertain. If the Group is unable to secure an appropriate combination of new revenue contracts and/or cost reductions, then it may not have sufficient resources to meet its liquidity requirements for the foreseeable future. Accordingly, material uncertainty exists which may cast significant doubt about its ability to continue as a going concern.

#### 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.

#### Information security

The Group relies upon the confidentiality, integrity, and availability of its IT systems, both internally and as part of its service offerings to customers. Cyber security attacks are occurring more frequently as well as becoming more sophisticated.

A major cyber security event causing loss of availability or loss of customer data could limit the Group's operations, expose the Group to fines and cause reputational damage, as well as negatively impact customer relationships due to reduced credibility in the market.

### MITIGATION OF RISK

#### Expense control

The Group will continue to rigorously manage its cash resources. Operating expenses are closely monitored and management will continue to assess the appropriate level of expenditure as the business develops.

#### 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. In particular, a Long Term Incentive Plan was introduced in 2021; all employees are eligible to participate in this scheme. 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.

#### Effective protection of information security and data integrity

The Group has in place systems and processes for the classification and control of access to information within a number of areas of the business, and the security around access to Company information continues to be strengthened by the enforcement of enhanced security processes and practices. The level of monitoring performed of the production cloud infrastructure is reviewed regularly to identify any areas that require improvement. The Group is vigilant to security vulnerability announcements in the industry to ensure that any protective action is taken as soon as practicable. 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 9 to 34 of this Annual Report and Accounts 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**

Chief Executive Officer

2 February 2022

## BOARD OF DIRECTORS

## 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 R**

**Key strengths:**

- Strategy development
- Corporate governance
- Technology
- Investment banking

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**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-capital (VC)-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**

**Key strengths:**

- Technology
- Leadership and management
- Consultancy
- Entrepreneurship



**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**

**Key strengths:**

- Financial management
- Technology
- Growth management
- Corporate development



**Sir Bryan Carsberg**  
Non-executive Director

**Appointed to Board:**  
July 2014

**Independent:**  
Yes

The former Director General of OFT and Ofcom, 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 R**

**Key strengths:**

- Strategy development
- Audit and accounting standards
- Strategic financial management
- Corporate governance



**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 senior independent Director 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 R**

**Key strengths:**

- Business strategy
- International experience
- Organisational structure and culture
- Mergers and acquisitions

**Committee membership:**

- E** Executive Board
- A** Audit
- N** Nominations
- R** Remuneration
- Denotes Chair

## INTRODUCING OUR CHAIR ELECT

## Q&amp;A

with Kirsten English

*The technology we have built has massive potential across many markets.*



**Q: What skills do you bring to the company?**

**A:** My background is building tech companies in business to business (B2B) industries. I was co-founder of a start up that achieved \$500m in revenue four years after we set up shop and have been CEO of several companies backed by private equity where growth was the pre-eminent goal.

I have also served on over a dozen boards as a Non-executive Director including private equity and public companies ranging from large to early stage. This experience gives me both the understanding of companies which are at the start of their journey whilst offering context of what is happening more widely in the industry.

**Q: What initially attracted you to joining Actual Experience as a Non-executive Director?**

**A:** I first came across Actual in 2014 and have followed the journey since. The start of the journey was following the progress of the Development team. They have taken a patent specification and turned it into a product which works, is successfully deployed and deployed at scale - a tremendous achievement. What shines through is the commitment not only of Development, but of all our people and the incredible teamwork across the firm. This company is populated by bright and dedicated individuals who are top in class in their respective fields. The resultant product offerings could serve and innovate for many industries and have great potential, but we have chosen to focus initially on one or two verticals to gain traction.

**Q: What will be different when you take up the Chair position at the end of March?**

**A:** Early stage companies grow in distinct phases. The hard work of establishing a company from scratch, bringing together a team, developing a product and then launching and proving that product works, is complete. Stephen has guided the company through this first phase. Now our challenge is to change emphasis, capitalise on the earlier work and build revenues. The short answer is that there will be increased focus on 'firing up' the promotion and selling of our offerings.

**Q: What do you see as initial priorities?**

**A:** The technology we have built has massive potential across many markets but for now we are targeting HR leaders and, to support this approach, the heads of IT at large corporations.

Priorities are:

- Validation that we are targeting markets where we will get the fastest uptake.
- Clear communication of our value to those markets.
- More people at the 'front end' with a sales team in place to build pipeline and drive sales into our chosen verticals both through channels (our traditional approach) and directly.
- Focus on recurring revenue.
- Scaling the organisation to meet emergent demand but only at appropriate points in the cycle.

- Careful management of cash and increased scrutiny of where we invest, given our focus is now switching to marketing, sales and, at the appropriate moment, customer support.

**Q: How do you see the next three years evolving for Actual Experience and the market more generally?**

**A:** In common with many innovative businesses, the challenge is showing value in what we offer when the market does not know that such products even exist. This takes time and when we also overlay the fact that we are selling into large businesses with a long purchasing process, the result is an extended sales cycle meaning it is hard to forecast accurately until we reach momentum. However, there are encouraging tailwinds; larger companies are really thinking about improving remote working conditions for staff, there is a drive to prove companies are working towards sustainability and a reduction in the corporate carbon footprint. Actual Experience is well positioned to help companies both scope and meet sustainability targets.

**Q: Final thoughts?**

**A:** I would ask shareholders, employees and other stakeholders to read our updated value positioning (page 7) and our new engagement model (page 14) to understand how we support our customers in building a sustainable digital ecosystem for their people, ready for the new ways of working.

## CORPORATE GOVERNANCE REPORT



**Stephen Davidson**  
Non-executive Chair

### 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 2021.

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 (HX) 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 23 and 24.

**Stephen Davidson**  
Non-executive Chair

2 February 2022

### 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.

Biographical details of the Directors, including a summary of their skills and membership of Board Committees, can be found on page 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 any business or other 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.

## CORPORATE GOVERNANCE REPORT CONTINUED

### Board meetings

The Board met 13 times in the 2021 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 | Audit | Remuneration |
|--------------------|-------|-------|--------------|
| Stephen Davidson   | 13/13 | 2/2   | 3/3          |
| Sir Bryan Carsberg | 13/13 | 2/2   | 3/3          |
| Kirsten English    | 13/13 | 2/2   | 3/3          |
| Dave Page          | 13/13 | 2/2*  | 3/3*         |
| Steve Bennetts     | 13/13 | 2/2*  | 3/3*         |

\* 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 is 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.

Apart from discussions relating to the granting of LTIP options to Executive Directors and the level of Non-executive Director fees, 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 (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](http://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, where applicable, and the accounting and 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

## CORPORATE GOVERNANCE REPORT CONTINUED

### Board performance

In November 2021 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 2022 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 controls 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](http://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 78. 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

As more fully described in Note 1(a)(v) to the financial statements, the amounts and timing of future revenues remain uncertain. If the Group is unable to secure an appropriate combination of new revenue contracts and/or cost reductions, then it may not have sufficient resources to meet its liquidity requirements for the foreseeable future. Accordingly, material uncertainty exists which may cast significant doubt about its ability to continue as a going concern.

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

**Stephen Davidson**  
Non-executive Chair









2 February 2022



## 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                                                                                                                                                                                                                                                                           |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Deliver growth</b>                                                                                                                                                                              | <p>1. Establish a strategy and business model which promotes long-term value for shareholders. </p> <p>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.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <p> Further information regarding the Company's business model and strategy can be found on pages 15 and 19.</p>                                                                                       |
|                                                                                                                                                                                                    | <p>2. Seek to understand and meet shareholder needs and expectations. </p> <p>The Company actively engages with shareholders throughout the year, through direct meetings, website and social media communications, and stock exchange announcements.</p> <p>The CEO, CFO, and Investor Relations (IR) Director meet with analysts and significant shareholders regularly throughout the year to provide an update on strategy and progress of the Group, and to receive shareholder feedback. The Company also uses the Annual General Meeting as an opportunity to engage directly with its shareholders.</p> <p>Company contact details are included on the Company's website and on all regulatory announcements.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <p> Please visit <a href="http://www.actual-experience.com/governance">www.actual-experience.com/governance</a> for further information regarding the Company's interaction with its shareholders.</p> |
| 3. Take into account wider stakeholder and social responsibilities and their implications for long-term success.  | <p>The Board considers relationships with the stakeholders of Actual Experience as fundamental to its success. It therefore focuses on building strong and sustainable relationships with a range of different stakeholders.</p> <p>A key stakeholder is the team of employees and it is key to the success of the Group they are well-supported and motivated. We have set out a clear Company culture, vision, and values which we believe are important in establishing a healthy working environment.</p> <p>In addition to its direct sales activities, the Group believes that sound and effective relationships with its Channel Partnerships are important to the success of its strategy. Regular meetings are held with these Partners to facilitate effective and transparent communications, and to ensure that their needs, as well as those of their corporate customers, are fully addressed.</p> <p>Regular meetings are also held with major suppliers of goods and services to the Group. In this way, effective working relationships and practices are fostered, and disputes or misunderstandings are kept to a minimum.</p> <p>The Group is proud of its relationship with the local business and social community in Bath and devotes time and resources to maintaining constructive engagement in the local region.</p> | <p> Information regarding the Company's relationship with its shareholders and other stakeholders can be found on pages 23 and 24.</p>                                                                 |
| 4. Embed effective risk management, considering both opportunities and threats, throughout the organisation.    | <p>The Company is exposed to a number of potential risks which may have a material effect on its reputation, financial or operational performance.</p> <p>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, reviews the effectiveness of the control systems during the year.</p> <p>An internal Risk Management Committee, under the leadership of the CFO, meets at least quarterly to ensure existing and emerging risks and threats are monitored and mitigated on a timely basis. The Committee regularly reports to the Audit Committee regarding its activities and areas of focus.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <p> More detail about the identified principal risks can be found on pages 33 and 34.</p>                                                                                                            |

## STATEMENT OF COMPLIANCE WITH THE QCA CORPORATE GOVERNANCE CODE CONTINUED

| Governance principles                          | Explanation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Further reading                                                                                          |
|------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|
| <b>Maintain a dynamic management framework</b> | <p>5. Maintain the Board as a well-functioning, balanced team led by the Chair.</p> <p>✓ 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 Nominations Committees.</p> <p>A monthly detailed board report is produced, and meeting agendas and board papers are circulated in advance of each meeting, so that the Board can properly consider the matters to be discussed. Board members are also expected to make themselves available on an ad hoc basis for consultation if the need arises. The Company maintains minutes of formal and ad hoc Board and Committee meetings.</p> <p>The Non-executive Directors are appointed through formal non-executive appointment letters, which contain a three-month notice period as well as a stipulation that Directors will commit sufficient time to fully discharge their responsibilities. The Company has not had any issues with regard to regular non-attendance at meetings.</p> <p>Executive Directors have formal service contracts, which require them to work full-time in the business and have no other significant outside business commitments. These service contracts include a maximum of six months' notice to terminate.</p> <p>Each Director is required to stand for re-election at each Annual General Meeting.</p> <p>The Board is satisfied that it has a suitable balance between independence and knowledge of the business to allow it to discharge its duties and responsibilities effectively.</p> | <p>📖 See pages 37 and 38.</p>                                                                            |
|                                                | <p>6. Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities.</p> <p>✓ 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.</p> <p>Board members maintain their skillsets through their day-to-day roles and use external advisors to enhance knowledge where necessary. If any Director considers that additional training is required to fulfil their role, the Company will seek to provide such training as and when necessary.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | <p>🖥️ <a href="http://www.actual-experience.com/governance">www.actual-experience.com/governance</a></p> |
|                                                | <p>7. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement.</p> <p>✓ 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 November 2021 and the results have been carefully analysed and communicated to the Board.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <p>📖 See page 39.</p>                                                                                    |
|                                                | <p>8. Promote a corporate culture that is based on ethical values and behaviours.</p> <p>✓ 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. The management team, led by the CEO, maintains open and transparent channels of communication with all employees in order to promote values and behaviours which consistently reflect the Group's ethos, and to ensure that employees are aware of company developments and successes.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <p>🖥️ <a href="http://www.actual-experience.com/governance">www.actual-experience.com/governance</a></p> |
|                                                | <p>9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board.</p> <p>✓ 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.</p> <p>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.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <p>📖 See pages 37 and 38.</p>                                                                            |
| <b>Build trust</b>                             | <p>10. Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.</p> <p>The Company is committed to open communications with all its shareholders. Communication is primarily through the Company's website and the AGM. Results from our AGM are announced via RNS, and historical announcements can be accessed via the RNS and News page of our investor website.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <p>🖥️ <a href="http://www.actual-experience.com/governance">www.actual-experience.com/governance</a></p> |

## AUDIT COMMITTEE REPORT



**Sir Bryan Carsberg**  
Non-executive Director

### Introduction

I am pleased to present the report of the Audit Committee, which provides a summary of the Committee's role and activities during the 2021 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**  
Chair of the Audit Committee

2 February 2022

### Members of the Committee

The Committee currently consists of three Non-executive Directors: Stephen Davidson, Kirsten English, and Sir Bryan Carsberg, its Chair. By invitation, meetings of the Committee may be attended by the CEO, and the Chief Financial Officer. The Committee met twice in the year.

Of the three members of the Audit Committee, Sir Bryan Carsberg is a chartered accountant and Stephen Davidson and Sir Bryan 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](http://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 2021 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 the 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 present their 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, for example areas of significant risk and matters of audit judgements, such as the capitalisation and recoverability of development costs, and conclusions on going concern.

### 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 33 and 34 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



**Stephen Davidson**  
Non-executive Chair

### Introduction

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 makes the final determination, although no Director participates 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.

**Stephen Davidson**  
Chair of the Remuneration Committee

2 February 2022

### 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 CEO and CFO 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 while 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 |     |
|------------------------------|-----|
| Stephen Davidson (Chair)     | 3/3 |
| Sir Bryan Carsberg           | 3/3 |
| Kirsten English              | 3/3 |
| Dave Page <sup>1</sup>       | 3/3 |
| Steve Bennetts <sup>1</sup>  | 3/3 |

<sup>1</sup> By invitation.

### Remuneration Policy for Executive Directors and other senior managers

The Group's remuneration policy is to provide Executive Directors with a competitive market-based package in order to reward individual and Group performance and deliver outstanding shareholder returns. 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.

The Remuneration Committee is committed to ensuring that the Company's senior management team is incentivised to drive sustainable earnings growth and returns to shareholders, thereby creating a genuinely strong alignment of interests between management and investors. Specifically, all Executive Directors and

senior managers are eligible for a discretionary annual bonus which is payable in accordance with the terms of a bonus scheme approved by the Committee, and which takes into account the financial performance of the Group.

As with all employees, the Executive Directors and other senior managers may participate in the Group defined contribution pension scheme. Currently, the employer pension contribution is 4% of base salary. The only other significant benefits that Executive Directors are entitled to are private health insurance and life assurance.

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

### 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 in the table below.

### 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.

## DIRECTORS' REMUNERATION REPORT CONTINUED

### Long Term Incentive Plan

In June 2021, and after consultation with its shareholders, the Group introduced a Long Term Incentive Plan (LTIP) for all employees.

Under the terms of the scheme, LTIP awards will be made annually, commencing in 2021. Awards will vest after three years, provided performance targets have been achieved.

Awards for Executive Directors are set at 100% of base salary and will vest 50% on absolute Total Shareholder Return (TSR) and 50% on a revenue growth target. For the 2021 grants, vesting on absolute annualised TSR growth of 15% to 35% will be required, measured with reference to the Company valuation on the date of grant. The TSR element will vest at the 20% level for performance at the bottom end of the target range rising, on a linear basis, to 100% vesting for the maximum performance. The revenue growth element will vest by reference to the revenue performance for the year ending September 2024.

Awards for the wider employee group are set at various levels ranging from 50% of base salary to a small fixed financial amount. Vesting will be based solely on achieving annual revenue growth targets. 10% of the total grant may be achieved in each of the first two years of the vesting period, with the remaining 80% of the grant determined by reference to the revenue performance in the final year of the vesting period.

### Directors' remuneration (audited)

The remuneration of the Board of Directors of Actual Experience plc during the year ended 30 September 2021 was:

|                                         | Salary and fees<br>£ | Employer pension contributions<br>£ | Healthcare<br>£ | Bonus<br>£ | Total - year ended 30 September |                | Share-based payment charges <sup>3</sup> |
|-----------------------------------------|----------------------|-------------------------------------|-----------------|------------|---------------------------------|----------------|------------------------------------------|
|                                         |                      |                                     |                 |            | 2021<br>£                       | 2020<br>£      | LTIP schemes 2021<br>£                   |
|                                         |                      |                                     |                 |            |                                 |                |                                          |
| Stephen Davidson <sup>1</sup>           | 52,000               | -                                   | -               | -          | <b>52,000</b>                   | 50,000         | -                                        |
| Dave Page <sup>2</sup>                  | 166,250              | 14,833                              | 571             | -          | <b>181,654</b>                  | 154,982        | 6,334                                    |
| Steve Bennetts <sup>1,2</sup>           | 120,279              | 35,113                              | 1,217           | -          | <b>156,609</b>                  | 137,395        | 5,224                                    |
| Sir Bryan Carsberg <sup>1</sup>         | 27,000               | -                                   | -               | -          | <b>27,000</b>                   | 25,000         | -                                        |
| Kirsten English <sup>1</sup>            | 27,000               | -                                   | -               | -          | <b>27,000</b>                   | 18,750         | -                                        |
| Robin Young (resigned 28 February 2020) | -                    | -                                   | -               | -          | -                               | 152,765        | -                                        |
| Paul Spence (resigned 28 February 2020) | -                    | -                                   | -               | -          | -                               | 13,359         | -                                        |
| Mark Reilly (resigned 3 December 2019)  | -                    | -                                   | -               | -          | -                               | 4,435          | -                                        |
| <b>Total</b>                            | <b>392,529</b>       | <b>49,946</b>                       | <b>1,788</b>    | <b>-</b>   | <b>444,263</b>                  | <b>556,686</b> | <b>11,558</b>                            |

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 is: Kirsten English £nil (2020: £3,650). All other Directors' share options were fully expensed in prior years.

2 The Executive Directors have elected to forgo part of their contractual salary in return for a corresponding increase in employer pension contributions.

3 There were no share-based payment charges relating to the LTIP scheme in 2020.

### Directors' shareholdings

The interests of the Directors in the shares of the Company as at 30 September 2021, including family interests, were:

|                    | Ordinary shares of 0.2p each |           |
|--------------------|------------------------------|-----------|
|                    | 2021<br>Numbers              | 2021<br>% |
| Stephen Davidson   | <b>24,431</b>                | 0.04%     |
| Dave Page          | <b>1,991,124</b>             | 3.38%     |
| Steve Bennetts     | <b>185,783</b>               | 0.33%     |
| Sir Bryan Carsberg | <b>3,225</b>                 | 0.01%     |
| Kirsten English    | <b>11,081</b>                | 0.02%     |

### 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 were:

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

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

#### Stephen Davidson

Chair of the Remuneration Committee

2 February 2022

## DIRECTORS' REPORT

The Directors present their report and audited consolidated financial statements of the Group and of the Company for the year ended 30 September 2021. 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 activities of the Group are the provision of hybrid workplace Analytics as a Service (AaaS) and associated consultancy services. We work with business leaders and people-centric organisations to continuously analyse the human experience of the digital workplace. Further information can be found in the Strategic Report on pages 9 to 34.

### Results and dividends

The results of the Group for the year ended 30 September 2021 are set out in the Consolidated Statement of Comprehensive Income on page 52.

The Directors do not propose payment of a dividend for the year ended 30 September 2021 (2020: 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 9 to 34. 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.

### Going Concern

As in previous years, the Group and Company have continued to utilise their cash resources to fund losses while the sales pipeline is being further developed. The cash balance as at 30 September 2021 was £8.2m, which will provide the Group and Company with sufficient resources to meet their liquidity requirements at least until 30 September 2023, based on the Group's latest budgeted sales and cost projections. The directors have also prepared a severe, but plausible downside scenario, based on significantly more pessimistic sales forecasts, with corresponding reductions in controllable costs. In this scenario also, the Group and Company will continue to meet their liquidity requirements over the period.

The amounts and timing of future revenues in the Group's budgets remain uncertain. The Group is experiencing an encouraging level of interest in its services and it is in active discussions with its channel partners and several large potential end-customers. The discussions are well progressed and are expected to result in additional revenue for the Group. However, at present a substantial proportion of the forecast revenue remains uncommitted and if the Group and Company are unable to secure an appropriate combination of new revenue contracts and/or cost reductions, then the Group and Company may not have sufficient resources to meet their liquidity requirements over the foreseeable future. Accordingly, a material uncertainty exists which may cast significant doubt about the Group's and the Company's ability to continue as going concerns. Nevertheless, after making appropriate enquiries and considering the assumptions and uncertainties described above, the

Actual Experience plc **Annual Report 2021**

directors have a reasonable expectation that the Group and Company will have adequate resources to continue operating at least until 30 September 2023. Therefore, the directors continue to adopt the going concern basis in preparing the financial statements and the financial statements do not include any of the adjustments that would be required if the Group or Company were unable to continue as going concerns.

### Research and development (R&D)

R&D in the year amounted to £2,131,682 (2020: £1,960,213). Additions to the capitalised intangible during the year amounted to £678,308 (2020: £1,132,440), with amortisation for the year of £933,780 (2020: £952,124), resulting in a net charge for the year of £255,472 (2020: capitalisation of £180,316).

The Directors have reviewed the carrying value of the capitalised development costs at 30th September 2021 and have decided to write off assets with a net book value of £820,110 as a result of that review as described in Note 12 to the financial statements.

### 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.

Biographical details of each current Director are provided on page 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 Directors' 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. As at the date of this report, there are in issue 57,296,533 fully paid ordinary shares. All shares are freely transferable and rank *pari passu* in all respects, including voting and dividend rights.

## DIRECTORS' REPORT CONTINUED

### Substantial shareholdings

As at 31 December 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 |
|---------------------------------|------------------|--------------------|
| M&G Investments                 | 7,921,115        | 13.83              |
| Lombard Odier Asset Mgt         | 6,463,724        | 11.28              |
| IP Group                        | 6,291,477        | 10.98              |
| Mr Michael Edge                 | 3,195,000        | 5.58               |
| Chelverton Asset Mgt            | 2,865,000        | 5.00               |
| EdenTree Investment Mgt         | 2,175,000        | 3.80               |
| Queen Mary University of London | 2,050,000        | 3.58               |
| Mr Dave Page                    | 1,952,282        | 3.39               |
| Canaccord Genuity Wealth Mgt    | 1,887,500        | 3.30               |
| Professor Jonathan Pitts        | 1,879,750        | 3.28               |
| Allianz Global Investors        | 1,790,705        | 3.13               |

Save as referred to above, the Directors are not aware of any persons as at 31 December 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 keeping employees as fully informed as possible regarding the Group's performance and prospects and seeks their views, wherever possible, on matters which affect them as employees. More information can be found in our Responsible Business Section on pages 27 and 28.

### Annual General Meeting

The AGM will be held at the London office of Osborne Clarke at 11.00 am on 24 March 2022. On page 78 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 forthcoming 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

2 February 2022

## STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the group and the company financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

Under company law, 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 for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable 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 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 also responsible for keeping adequate accounting records that are sufficient to show and explain the group's 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 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.

**Steve Bennetts**  
Company Secretary

2 February 2022



## 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 2021 and of the Group's loss and the Group's and 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 2021; 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.

#### Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the Group's and the Company's ability to continue as a going concern. The Group and Company have continued to utilise their cash resources to fund losses whilst the sales pipeline is being further developed. The Group's latest budgeted sales and cost projections indicate sufficient resources to meet their liquidity requirements until at least 30 September 2023. At present, a substantial proportion of the forecast revenue remains uncommitted and if the Group and Company is unable to secure an appropriate combination of new revenue contracts and / or cost reductions, then the Group and Company may not have sufficient resources to meet their liquidity requirements after this time. These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group and the Company were unable to continue as a going concern.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the Group's and the Company's ability to continue to adopt the going concern basis of accounting included:

- Verifying the integrity and mathematical accuracy of management's model as well as agreeing underlying cash flow projections to management approved forecasts.
- Assessing management's historic forecasting accuracy by obtaining management information for the financial performance year to date.
- Evaluating and challenging the reasonableness of the key assumptions in management's model, such as projected sales and costs, and agreeing the data to supporting information, such as revenue contracts, where available.
- Evaluating that management have modelled and included severe but plausible downside scenarios, and challenging the feasibility of mitigating actions included in those modelled scenarios.

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

### Our audit approach

#### Overview

##### Audit scope

- 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 2021.
- All work has been performed by the Group engagement team.

##### Key audit matters

- Material uncertainty related to going concern
- Risk that internally generated intangible assets capitalised do not qualify for recognition and that costs previously capitalised may not be recoverable (Group and Company)

##### Materiality

- Overall Group materiality: £295,000 (2020: £250,000) based on 5% of the loss before tax.
- Overall Company materiality: £280,000 (2020: £237,500) based on a component allocation of Group materiality.
- Performance materiality: £221,000 (2020: £187,500 - Group) and £210,000 (2020: £178,000 - Company).

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ACTUAL EXPERIENCE PLC CONTINUED

### 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.

### 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.

In addition to going concern, described in the Material uncertainty related to going concern section above, we determined the matter described below to be the key audit matter to be communicated in our report. This is not a complete list of all risks identified by our audit.

The impact of COVID-19, which was a key audit matter last year, is no longer included because the Group and Company has continued to operate throughout the pandemic and Covid-19 is no longer considered to be a pervasive risk. However, we have continued to assess the impact of Covid-19 on our key audit matters, where relevant. Otherwise, the key audit matter below is consistent with last year.

#### 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 £897,199 and the risk that amounts capitalised may not be recoverable if future revenue growth is not realised.

Furthermore, we note that judgement is applied by management to determine whether the costs that are capitalised in the year meet the criteria in IAS 38. This risk is set out note 2, Critical accounting estimates and areas of judgement.

An amount to reflect the impairment of development costs has also been recognised in the year of £820,110, following management's review of the consequential impact of the Group and Company's new strategic focus and product propositions on their existing asset base, as detailed in note 12, Intangible assets.

#### How our audit addressed the key audit matter

We have audited the amounts capitalised in the year to ensure they meet the criteria for capitalisation set out in IAS 38. This included meeting with the client's technical project team to understand the nature of the relevant costs to challenge whether the costs capitalised meet the criteria set out in IAS 38. Where we identified capitalised costs which did not meet the criteria, these were corrected by management in the financial statements and not capitalised.

For the cumulative amounts capitalised, we considered and challenged management on the economic benefits expected to flow from the technology introduced as a result of the projects. We challenged specific projects which are no longer aligned with the strategic plans of the Group and Company, and this resulted in a further impairment charge which was adjusted for by management in completing the financial statements.

The successful fundraise in January 2021 provides the Group with cash resources to continue to develop and invest in products, whilst new sales and market opportunities are developed. Management demonstrated the existence of a market for the new technology developments, by providing the related customer agreements and the latest budgeted sales projections. This information was prepared on the basis that the Group and Company continue to operate on a going concern basis. The Directors have separately considered their rationale for that conclusion, as outlined in note 1, Summary of significant accounting policies, to the financial statements. We also draw attention to the existence of a material uncertainty included in our Audit Report.

We have evaluated the disclosures made in note 12, Intangible assets, to the financial statements, and the risks presented as at 30 September 2021 are adequately disclosed.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ACTUAL EXPERIENCE PLC CONTINUED

### 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. (Delaware, USA), reporting into the Company in the UK, Actual Experience plc.

Actual Experience Inc. does not require a local statutory audit. Actual Experience Inc. earned no external revenues in the year to 30 September 2021 and represents an insignificant portion of the loss before tax of the Group. As such, desktop review 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:

|                                        | Financial statements - Group                                                                                                                                                                                  | Financial statements - Company                                                                                                                                                               |
|----------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Overall materiality</i>             | £295,000 (2020: £250,000).                                                                                                                                                                                    | £280,000 (2020: £237,500).                                                                                                                                                                   |
| <i>How we determined it</i>            | 5% of loss before tax.                                                                                                                                                                                        | Component allocation of Group materiality.                                                                                                                                                   |
| <i>Rationale for benchmark applied</i> | 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 only one component in scope in the year, and the materiality allocated to the component was £280,000.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2020: 75%) of overall materiality, amounting to £221,000 (2020: £187,500) for the Group financial statements and £210,000 (2020: £178,000) for the Company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above £14,750 for the Group audit (2020: £12,500) and £14,000 for the Company audit (2020: £11,875) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

### 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 our work undertaken in the course of the audit, the Companies Act 2006 requires 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 2021 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.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ACTUAL EXPERIENCE PLC CONTINUED

### 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 in respect of the financial statements, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to data protection regulation and employment legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of inappropriate journal entries to manipulate financial results and potential management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Evaluation and adequacy of the design of management's controls to prevent and detect irregularities;
- Enquiry with management around known or suspected instances of non-compliance with laws and regulations and fraud;
- Review of minutes of meetings of those charged with governance;
- Challenging assumptions made by management in its significant accounting estimates, in particular in relation to the capitalisation and recoverability of development costs and share-based payments; and
- Identifying and testing the validity of journal entries, in particular any journal entries posted with unusual account combinations and consolidation journals.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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](http://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 obtained 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.

**Stuart Couch (Senior Statutory Auditor)**  
for and on behalf of **PricewaterhouseCoopers LLP**  
Chartered Accountants and Statutory Auditors  
Bristol

2 February 2022

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

FOR THE YEAR ENDED 30 SEPTEMBER 2021

|                                                                   | Note | 2021<br>£          | 2020<br>£   |
|-------------------------------------------------------------------|------|--------------------|-------------|
| <b>REVENUE</b>                                                    | 4    | <b>1,741,207</b>   | 1,960,933   |
| Cost of sales                                                     |      | <b>(907,998)</b>   | (940,533)   |
| <b>GROSS PROFIT</b>                                               |      | <b>833,209</b>     | 1,020,400   |
| Administrative expenses                                           |      | <b>(6,721,914)</b> | (5,600,609) |
| <b>OPERATING LOSS BEFORE EXCEPTIONAL ITEM</b>                     |      | <b>(5,888,705)</b> | (4,580,209) |
| Exceptional item: redundancy expense                              | 5    | —                  | (411,525)   |
| <b>OPERATING LOSS</b>                                             | 5    | <b>(5,888,705)</b> | (4,991,734) |
| Finance income                                                    | 7    | <b>2,734</b>       | 13,933      |
| Finance expense                                                   | 7    | <b>(27,285)</b>    | (31,140)    |
| <b>Finance expense - net</b>                                      |      | <b>(24,551)</b>    | (17,207)    |
| <b>LOSS BEFORE TAX</b>                                            |      | <b>(5,913,256)</b> | (5,008,941) |
| Tax                                                               | 8    | <b>66,061</b>      | 327,453     |
| <b>LOSS FOR THE YEAR</b>                                          |      | <b>(5,847,195)</b> | (4,681,488) |
| <b>Other comprehensive expense:</b>                               |      |                    |             |
| <b>Items that may be reclassified to profit or loss:</b>          |      |                    |             |
| Foreign currency difference on translation of overseas operations |      | <b>(19,314)</b>    | (15,350)    |
| <b>TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR</b>                   |      | <b>(5,866,509)</b> | (4,696,838) |
| <b>LOSS PER ORDINARY SHARE</b>                                    |      |                    |             |
| <b>Basic and diluted</b>                                          | 9    | <b>(10.84)p</b>    | (9.87)p     |

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

FOR THE YEAR ENDED 30 SEPTEMBER 2021

|                                                              | Note  | Share capital<br>£ | Share premium<br>£ | Accumulated losses<br>£ | Total equity<br>£ |
|--------------------------------------------------------------|-------|--------------------|--------------------|-------------------------|-------------------|
| <b>At 1 October 2019</b>                                     |       | 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)       |
| <b>Transactions with owners, in their capacity as owners</b> |       |                    |                    |                         |                   |
| Issue of shares                                              | 17(a) | 1,035              | 61,947             | —                       | 62,982            |
| Share-based payment credit                                   | 20    | —                  | —                  | (174,842)               | (174,842)         |
| <b>At 30 September 2020</b>                                  |       | 95,284             | 34,768,349         | (29,666,862)            | 5,196,771         |
| Loss for the year                                            |       | —                  | —                  | (5,847,195)             | (5,847,195)       |
| Other comprehensive expense for the year                     |       | —                  | —                  | (19,314)                | (19,314)          |
| Total comprehensive expense for the year                     |       | —                  | —                  | (5,866,509)             | (5,866,509)       |
| <b>Transactions with owners, in their capacity as owners</b> |       |                    |                    |                         |                   |
| Issue of shares                                              | 17(a) | 19,254             | 9,444,106          | —                       | 9,463,360         |
| Share-based payment charge                                   | 20    | —                  | —                  | 42,314                  | 42,314            |
| <b>At 30 September 2021</b>                                  |       | <b>114,538</b>     | <b>44,212,455</b>  | <b>(35,491,057)</b>     | <b>8,835,936</b>  |

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

AS AT 30 SEPTEMBER 2021

|                                      | Note  | 2021<br>£          | 2020<br>£    |
|--------------------------------------|-------|--------------------|--------------|
| <b>ASSETS</b>                        |       |                    |              |
| <b>Non-current assets</b>            |       |                    |              |
| Property, plant and equipment        | 10    | 48,879             | 58,997       |
| Right-of-use assets                  | 11    | 670,814            | 782,606      |
| Intangible assets                    | 12    | 897,199            | 1,972,781    |
| <b>TOTAL NON-CURRENT ASSETS</b>      |       | <b>1,616,892</b>   | 2,814,384    |
| <b>Current assets</b>                |       |                    |              |
| Trade and other receivables          | 13    | 584,819            | 690,514      |
| Income tax receivable                | 8     | 44,103             | 295,550      |
| Cash and cash equivalents            | 14    | 8,216,198          | 2,754,274    |
| <b>TOTAL CURRENT ASSETS</b>          |       | <b>8,845,120</b>   | 3,740,338    |
| <b>TOTAL ASSETS</b>                  |       | <b>10,462,012</b>  | 6,554,722    |
| <b>LIABILITIES</b>                   |       |                    |              |
| <b>Non-current liabilities</b>       |       |                    |              |
| Deferred tax                         | 8     | (8,901)            | (7,079)      |
| Lease liabilities                    | 11    | (604,894)          | (719,177)    |
| <b>TOTAL NON-CURRENT LIABILITIES</b> |       | <b>(613,795)</b>   | (726,256)    |
| <b>Current liabilities</b>           |       |                    |              |
| Trade and other payables             | 15    | (897,041)          | (519,393)    |
| Lease liabilities                    | 11    | (115,240)          | (112,302)    |
| <b>TOTAL CURRENT LIABILITIES</b>     |       | <b>(1,012,281)</b> | (631,695)    |
| <b>TOTAL LIABILITIES</b>             |       | <b>(1,626,076)</b> | (1,357,951)  |
| <b>NET ASSETS</b>                    |       | <b>8,835,936</b>   | 5,196,771    |
| <b>EQUITY</b>                        |       |                    |              |
| Share capital                        | 17(a) | 114,538            | 95,284       |
| Share premium                        | 17(a) | 44,212,455         | 34,768,349   |
| Accumulated losses                   | 17(b) | (35,491,057)       | (29,666,862) |
| <b>TOTAL EQUITY</b>                  |       | <b>8,835,936</b>   | 5,196,771    |

Approved by the Board of Directors and authorised for issue on 2 February 2022.

**Stephen Davidson**

Chair

**Steve Bennetts**

Chief Financial Officer



Company number: 06838738

**CONSOLIDATED STATEMENT OF CASH FLOWS**

FOR THE YEAR ENDED 30 SEPTEMBER 2021

|                                                                    | Note  | 2021<br>£          | 2020<br>£          |
|--------------------------------------------------------------------|-------|--------------------|--------------------|
| <b>Cash flows from operating activities</b>                        |       |                    |                    |
| Loss before tax                                                    |       | (5,913,256)        | (5,008,941)        |
| Adjustments for:                                                   |       |                    |                    |
| Depreciation of property, plant and equipment                      | 10    | 48,413             | 97,458             |
| Depreciation of right-of-use assets                                | 11    | 111,792            | 111,788            |
| Amortisation of intangible assets                                  | 12    | 933,780            | 952,124            |
| Impairment of intangible assets                                    | 12    | 820,110            | -                  |
| (Profit)/loss on disposal of property, plant and equipment         |       | (359)              | 181                |
| Non-cash employee benefits – share-based payments expense/(credit) |       | 42,314             | (174,842)          |
| Finance expense/(income) – net                                     |       | 24,551             | 17,207             |
| <b>Operating cash outflow before changes in working capital</b>    |       | <b>(3,932,655)</b> | <b>(4,005,025)</b> |
| Decrease/(increase) in trade and other receivables                 |       | 94,827             | (4,968)            |
| Increase/(decrease) in trade and other payables                    |       | 373,405            | (167,605)          |
| <b>Cash used in operations</b>                                     |       | <b>(3,464,423)</b> | <b>(4,177,598)</b> |
| Income taxes received                                              |       | 319,330            | 321,531            |
| <b>Net cash outflow from operating activities</b>                  |       | <b>(3,145,093)</b> | <b>(3,856,067)</b> |
| <b>Cash flows from investing activities</b>                        |       |                    |                    |
| Development of intangible assets                                   | 12    | (678,308)          | (1,132,440)        |
| Purchases of property, plant and equipment                         | 10    | (38,300)           | (15,836)           |
| Proceeds from sale of property, plant and equipment                |       | 363                | –                  |
| Finance income                                                     | 7     | 2,734              | 13,933             |
| <b>Net cash inflow/(outflow) from investing activities</b>         |       | <b>(713,511)</b>   | <b>(1,134,343)</b> |
| <b>Cash flows from financing activities</b>                        |       |                    |                    |
| Proceeds from issue of share capital, net of costs                 | 17(a) | 9,463,360          | 62,982             |
| Principal element of lease payments                                |       | (138,630)          | (173,288)          |
| Employee Benefit Trust – repayment                                 |       | (23)               | (18,299)           |
| <b>Net cash inflow/(outflow) from financing activities</b>         |       | <b>9,324,710</b>   | <b>(128,605)</b>   |
| Increase/(decrease) in cash and cash equivalents                   |       | 5,466,103          | (5,119,015)        |
| Effect of exchange rate fluctuations on cash held                  |       | (4,179)            | (3,345)            |
| Cash and cash equivalents at start of year                         |       | 2,754,274          | 7,876,634          |
| <b>Cash and cash equivalents at end of year</b>                    | 14    | <b>8,216,198</b>   | <b>2,754,274</b>   |



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

### 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 2021. These include comparatives for the year ended 30 September 2020.

#### 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 2020.

##### (iv) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 September 2021 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

As in previous years, the Group and Company have continued to utilise their cash resources to fund losses while the sales pipeline is being further developed. The cash balance as at 30 September 2021 was £8.2m, which will provide the Group and Company with sufficient resources to meet their liquidity requirements at least until 30 September 2023, based on the Group's latest budgeted sales and cost projections. The Directors have also prepared a severe, but plausible downside scenario, based on significantly more pessimistic sales forecasts, with corresponding reductions in controllable costs. In this scenario also, the Group and Company will continue to meet their liquidity requirements over the period.

The amounts and timing of future revenues in the Group's budgets remain uncertain. The Group is experiencing an encouraging level of interest in its services and it is in active discussions with its Channel Partners and several large potential end-customers. The discussions are well progressed and are expected to result in additional revenue for the Group. However, at present a substantial proportion of the forecast revenue remains uncommitted and if the Group and Company are unable to secure an appropriate combination of new revenue contracts and/or cost reductions, then the Group and Company may not have sufficient resources to meet their liquidity requirements over the foreseeable future. Accordingly, a material uncertainty exists which may cast significant doubt about the Group's and the Company's ability to continue as going concerns. Nevertheless, after making

appropriate enquiries and considering the assumptions and uncertainties described above, the Directors have a reasonable expectation that the Group and Company will have adequate resources to continue operating at least until 30 September 2023. Therefore, the Directors continue to adopt the going concern basis in preparing the financial statements and the financial statements do not include any of the adjustments that would be required if the Group or Company were unable to continue as going concerns.

#### 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) Presentational currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Group operates 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 £.

##### (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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2021

### 1. Summary of significant accounting policies continued

#### 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 hybrid workplace Analytics as a Service and associated consultancy services.

Revenue from hybrid workplace Analytics as a Service 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 (R&D) 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:

- completion of the intangible asset is technically feasible so that it will be available for use or sale;
- the Group intends to complete the intangible asset and use or sell it;
- 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;
- there are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- 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 by management at the end of each financial year and at the half-year point. 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 assets 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2021

### 1. Summary of significant accounting policies continued

#### (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 2021 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.

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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2021

### 1. Summary of significant accounting policies continued

#### 1(l). Employee benefits

##### (i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and cumulative 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. Information relating to the equity-settled share based payment schemes is detailed in Note 20.

#### 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.

#### Going Concern

Despite the material uncertainty described in Note 1(a)(v) above, the Directors are of the view that there is a reasonable expectation that the Group and Company will have adequate resources to continue operating at least until 30 September 2023. Therefore, the Directors continue to adopt the going concern basis in preparing the financial statements and the financial statements do not include any of the adjustments that would be required if the Group or Company were unable to continue as going concerns.

#### 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. In the current financial year £2,131,682 was expensed (2020: £1,960,213). Additions to the capitalised intangible during the year amounted to £678,308 (2020: £1,132,440).

Further judgment is applied during bi-annual management impairment reviews, when the carrying values of assets may be reduced or fully written down if they are no longer deemed to be commercially viable. Any resulting impairment charges are not treated as exceptional items, as the Group assesses assets for impairment on a routine basis, in line with the technology industry.

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 £1,378,806 (2020: £952,129). A one-year increase in the period over which such development costs are amortised would have reduced loss before income tax by £222,267 (2020: £317,373).

### 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2021

### 3. Financial risk management continued

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 2020 and 30 September 2021.

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 and 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 2021, the Group's trade receivables balance was £219,030 (30 September 2020: £427,458). 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.

#### (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 2021, the Group had £8,216,198 (30 September 2020: £2,754,274) 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 accumulated losses totalling, at 30 September 2021: £8,835,936 (30 September 2020: £5,196,771).

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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2021

### 4. Revenue

The information that is presented to the Chief Executive Officer (CEO), 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 (HXM) 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 2021 the Group had two customers who generated more than 10% of total revenue. These customers generated 79% and 20% of revenue respectively.

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.

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

|                          | 2021<br>£        | 2020<br>£ |
|--------------------------|------------------|-----------|
| United Kingdom           | <b>387,212</b>   | 353,100   |
| United States of America | <b>1,353,995</b> | 1,607,833 |
|                          | <b>1,741,207</b> | 1,960,933 |

### 5. Operating loss

|                                                | Note | 2021<br>£        | 2020<br>£ |
|------------------------------------------------|------|------------------|-----------|
| Loss from operations is stated after charging: |      |                  |           |
| Depreciation on property, plant and equipment  | 10   | <b>48,413</b>    | 97,458    |
| Depreciation of right-of-use assets            | 11   | <b>111,792</b>   | 111,788   |
| Amortisation of intangible assets              | 12   | <b>933,780</b>   | 952,124   |
| Employee costs (including exceptional item)    | 6    | <b>3,948,871</b> | 4,332,180 |
| Foreign exchange losses                        |      | <b>3,850</b>     | 27,458    |
| Impairment charge                              | 12   | <b>820,110</b>   | -         |
| <b>Auditors' remuneration:</b>                 |      |                  |           |
| - Audit of these financial statements          |      | <b>51,720</b>    | 50,750    |
| Total auditors' remuneration                   |      | <b>51,720</b>    | 50,750    |

In the prior year, an exceptional item of £411,525 was separately disclosed on the Consolidated Statement of Comprehensive Income. This related to redundancies following a corporate reorganisation. There are no exceptional items in the current year.

### 6. Employee costs

|                                                                                                        | 2021<br>Number | 2020<br>Number |
|--------------------------------------------------------------------------------------------------------|----------------|----------------|
| The average monthly number of persons (including Directors) employed by the Group during the year was: |                |                |
| Directors                                                                                              | <b>5</b>       | 6              |
| Sales and support                                                                                      | <b>34</b>      | 39             |
| Software development                                                                                   | <b>24</b>      | 29             |
| Administration                                                                                         | <b>9</b>       | 9              |
|                                                                                                        | <b>72</b>      | 83             |

|                                                             | 2021<br>£        | 2020<br>£ |
|-------------------------------------------------------------|------------------|-----------|
| The aggregate remuneration, including Directors, comprised: |                  |           |
| Wages and salaries                                          | <b>3,807,206</b> | 4,780,818 |
| Social security costs                                       | <b>427,538</b>   | 561,719   |
| Other pension costs                                         | <b>350,121</b>   | 296,925   |
| Share-based expense/(credit) (Note 20)                      | <b>42,314</b>    | (174,842) |
|                                                             | <b>4,627,179</b> | 5,464,620 |
| Directors' remuneration comprised:                          |                  |           |
| Emoluments for qualifying services                          | <b>444,263</b>   | 556,686   |

Directors' emoluments disclosed above include £181,654 paid to the highest paid Director (2020: £154,982); which includes £14,833 paid under a defined contribution scheme (2020: £7,000).

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

Included within total employee costs of £4,627,179 (2020: £5,464,620) is £678,308 (2020: £1,132,440) which has been capitalised within development costs in accordance with IAS 38 (see Note 12). The remaining £3,948,871 (2020: £4,332,180) has been expensed in the Consolidated Statement of Comprehensive Income.

### 7. Finance income and expense

|                                        | 2021<br>£       | 2020<br>£ |
|----------------------------------------|-----------------|-----------|
| <b>Finance income</b>                  |                 |           |
| Bank interest receivable               | <b>2,734</b>    | 13,933    |
| <b>Finance expense</b>                 |                 |           |
| Interest payable for lease liabilities | <b>27,285</b>   | 31,140    |
| <b>Net finance expense</b>             | <b>(24,551)</b> | (17,207)  |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2021

### 8. Tax

#### Tax on loss

|                                                | 2021<br>£       | 2020<br>£ |
|------------------------------------------------|-----------------|-----------|
| <b>Current tax:</b>                            |                 |           |
| UK corporation tax on losses of the year       | <b>(63,705)</b> | (295,550) |
| Overseas taxes                                 | <b>(4,178)</b>  | (24,665)  |
| <b>Deferred tax:</b>                           |                 |           |
| Origination and reversal of timing differences | <b>1,822</b>    | (7,238)   |
| <b>Total tax credit</b>                        | <b>(66,061)</b> | (327,453) |

#### 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:

|                                                                     | 2021<br>£          | 2020<br>£   |
|---------------------------------------------------------------------|--------------------|-------------|
| Loss before tax                                                     | <b>(5,913,256)</b> | (5,008,941) |
| Tax at the UK corporate tax rate of 19% (2020: 19%)                 | <b>(1,123,519)</b> | (951,699)   |
| Effects of:                                                         |                    |             |
| Expenses not deductible for tax purposes                            | <b>189,985</b>     | 174,739     |
| Unrecognised deferred tax asset on losses                           | <b>897,765</b>     | 851,347     |
| Research and development enhancement in respect of the current year | <b>(864)</b>       | (342,334)   |
| Prior year adjustment                                               | <b>(19,602)</b>    | —           |
| Employee share acquisition adjustment                               | <b>(9,826)</b>     | (61,156)    |
| Change in rate of tax used to calculate deferred tax liability      | —                  | 1,650       |
| <b>Tax credit for the year</b>                                      | <b>(66,061)</b>    | (327,453)   |

The Group has tax losses carried forward of approximately £39,474,000 (2020: £34,800,000).

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 2021, the amount due from HMRC was £44,103 (2020: £295,550).

#### Deferred tax

Deferred tax relates to the following:

|                                           | 2021<br>£    | 2020<br>£ |
|-------------------------------------------|--------------|-----------|
| Accelerated depreciation for tax purposes | <b>8,901</b> | 7,079     |
| Deferred tax liability                    | <b>8,901</b> | 7,079     |

#### Reconciliation of deferred tax liabilities

|                                                                       | 2021<br>£    | 2020<br>£ |
|-----------------------------------------------------------------------|--------------|-----------|
| Balance at the beginning of the year                                  | <b>7,079</b> | 14,317    |
| Charge/(credit) to the Consolidated Statement of Comprehensive Income | <b>1,822</b> | (7,238)   |
| Balance at the end of the year                                        | <b>8,901</b> | 7,079     |

#### Unrecognised deferred tax assets/(liabilities)

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

|                                    | Tax<br>losses<br>£ | Lease<br>liabilities<br>£ | Right-of-use<br>assets<br>£ | Total<br>£       |
|------------------------------------|--------------------|---------------------------|-----------------------------|------------------|
| <b>At 1 October 2020</b>           |                    |                           |                             |                  |
| 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        |
| <b>At 30 September 2021</b>        |                    |                           |                             |                  |
| Deferred tax asset                 | <b>7,500,000</b>   | <b>136,825</b>            | —                           | <b>7,636,825</b> |
| Deferred tax liability             | —                  | —                         | <b>(127,455)</b>            | <b>(127,455)</b> |
| Net unrecognised asset/(liability) | <b>7,500,000</b>   | <b>136,825</b>            | <b>(127,455)</b>            | <b>7,509,370</b> |

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 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 £9,370 (2020: £9,286) 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2021

### 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.

|                                                                            | 2021<br>£          | 2020<br>£   |
|----------------------------------------------------------------------------|--------------------|-------------|
| <b>Total loss attributable to the equity holders of the parent</b>         | <b>(5,847,195)</b> | (4,681,488) |
|                                                                            | No.                | No.         |
| <b>Weighted average number of ordinary shares in issue during the year</b> | <b>53,911,253</b>  | 47,452,334  |
| <b>Loss per share</b>                                                      |                    |             |
| Basic and diluted on loss for the year                                     | <b>(10.84)p</b>    | (9.87)p     |

### 10. Property, plant and equipment

|                                          | Leasehold<br>improvements<br>£ | Fixtures, fittings<br>and equipment<br>£ | Computer<br>equipment<br>£ | Total<br>£     |
|------------------------------------------|--------------------------------|------------------------------------------|----------------------------|----------------|
| <b>Cost</b>                              |                                |                                          |                            |                |
| <b>At 1 October 2019</b>                 | 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)          |
| <b>At 30 September 2020</b>              | 173,909                        | 87,207                                   | 342,758                    | 603,874        |
| Additions                                | —                              | 1,738                                    | 36,562                     | 38,300         |
| Disposals                                | —                              | —                                        | (1,842)                    | (1,842)        |
| Foreign currency translation differences | —                              | —                                        | (248)                      | (248)          |
| <b>At 30 September 2021</b>              | <b>173,909</b>                 | <b>88,945</b>                            | <b>377,230</b>             | <b>640,084</b> |
| <b>Accumulated depreciation</b>          |                                |                                          |                            |                |
| <b>At 1 October 2019</b>                 | 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)          |
| <b>At 30 September 2020</b>              | 152,218                        | 69,365                                   | 323,294                    | 544,877        |
| Charge for the year                      | 21,080                         | 11,920                                   | 15,413                     | 48,413         |
| Disposals                                | —                              | —                                        | (1,842)                    | (1,842)        |
| Reclassification                         | —                              | 114                                      | (114)                      | —              |
| Foreign currency translation differences | —                              | —                                        | (242)                      | (242)          |
| <b>At 30 September 2021</b>              | <b>173,298</b>                 | <b>81,399</b>                            | <b>336,509</b>             | <b>591,206</b> |
| <b>Net book value</b>                    |                                |                                          |                            |                |
| <b>At 30 September 2021</b>              | <b>611</b>                     | <b>7,546</b>                             | <b>40,721</b>              | <b>48,878</b>  |
| <b>At 30 September 2020</b>              | 21,691                         | 17,842                                   | 19,464                     | 58,997         |



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2021

### 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:

|                            | 2021<br>£      | 2020<br>£      |
|----------------------------|----------------|----------------|
| <b>Right-of-use assets</b> |                |                |
| Buildings                  | 670,814        | 782,606        |
| <b>Total</b>               | <b>670,814</b> | <b>782,606</b> |

|                          | 2021<br>£      | 2020<br>£      |
|--------------------------|----------------|----------------|
| <b>Lease liabilities</b> |                |                |
| Current                  | 115,240        | 112,302        |
| Non-current              | 604,894        | 719,177        |
| <b>Total</b>             | <b>720,134</b> | <b>831,479</b> |

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

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

|                                                    | 2021<br>£      | 2020<br>£      |
|----------------------------------------------------|----------------|----------------|
| <b>Depreciation charge for right-of-use assets</b> |                |                |
| Buildings                                          | 111,792        | 111,788        |
| <b>Total</b>                                       | <b>111,792</b> | <b>111,788</b> |
| Interest expense (included in finance cost)        | 27,285         | 31,140         |

The total cash outflow for leases in 2021 was £138,630 (2020: £173,288).

#### 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.

### 12. Intangible assets

|                                                       | Development costs<br>£ |
|-------------------------------------------------------|------------------------|
| <b>Cost</b>                                           |                        |
| <b>At 1 October 2019</b>                              | 4,308,443              |
| Additions                                             | 1,132,440              |
| <b>At 30 September 2020</b>                           | 5,440,883              |
| Additions                                             | 678,308                |
| <b>At 30 September 2021</b>                           | <b>6,119,191</b>       |
| <b>Accumulated amortisation and impairment losses</b> |                        |
| <b>At 1 October 2019</b>                              | 2,515,978              |
| Charge for the year                                   | 952,124                |
| <b>At 30 September 2020</b>                           | 3,468,102              |
| Charge for the year                                   | 933,780                |
| Impairment charge                                     | 820,110                |
| <b>At 30 September 2021</b>                           | <b>5,221,992</b>       |
| <b>Net book value</b>                                 |                        |
| <b>At 30 September 2021</b>                           | <b>897,199</b>         |
| <b>At 30 September 2020</b>                           | 1,972,781              |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2021

### 12. Intangible assets continued

#### Amortisation and impairment charge

The amortisation of development costs is recognised within administrative expenses in the Consolidated Statement of Comprehensive Income. The Directors have reviewed the carrying value of the development costs at 30 September 2021 and have decided to write off assets with a net book value of £820,110 which are no longer deemed commercially viable, based on key assumptions, such as sales projections, in the Group's latest budget. Consequently, included with administration expenses in the Consolidated Statement of Comprehensive Income is an impairment charge of £820,110.

The impairment charge primarily arises from the decision to refocus the business on the delivery of the Company's Hybrid Workplace Management System. A consequence of this decision has been to de-emphasise several software development projects. While it is possible that there will be future sales from this technology it is not currently being actively marketed and, accordingly, it has been decided to fully expense this previously capitalised expenditure.

### 13. Trade and other receivables

|                                | 2021<br>£      | 2020<br>£ |
|--------------------------------|----------------|-----------|
| Trade receivables              | 219,030        | 427,458   |
| Other receivables              | 84,157         | 102,704   |
| Loan to Employee Benefit Trust | 65,168         | 65,148    |
| Prepayments and accrued income | 216,464        | 95,204    |
|                                | <b>584,819</b> | 690,514   |

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 2021 or 2020. 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

|                            | 2021<br>£        | 2020<br>£ |
|----------------------------|------------------|-----------|
| <b>Bank credit rating:</b> |                  |           |
| A+                         | —                | 2,660,809 |
| A                          | <b>5,215,643</b> | —         |
| A-                         | <b>3,000,555</b> | —         |
| BBB+                       | —                | 93,465    |
| Cash and cash equivalents  | <b>8,216,198</b> | 2,754,274 |

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 2021 are held in instant access current accounts or short-term deposit accounts. Balances are denominated in UK sterling (£) and US dollars (\$) as follows:

|                            | 2021<br>£        | 2020<br>£ |
|----------------------------|------------------|-----------|
| Denominated in UK sterling | <b>7,161,566</b> | 2,482,598 |
| Denominated in US dollars  | <b>1,054,632</b> | 271,676   |
| Cash and cash equivalents  | <b>8,216,198</b> | 2,754,274 |

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).

### 15. Trade and other payables

|                               | 2021<br>£      | 2020<br>£ |
|-------------------------------|----------------|-----------|
| Trade payables                | <b>236,893</b> | 116,155   |
| Other tax and social security | <b>135,080</b> | 122,541   |
| Other creditors               | <b>48,513</b>  | 44,965    |
| Accruals                      | <b>161,332</b> | 194,582   |
| Deferred income               | <b>315,223</b> | 41,150    |
|                               | <b>897,041</b> | 519,393   |

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 approximates their fair value.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2021

### 15. Trade and other payables continued

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.

Deferred income has increased in the year by £274,073, primarily due to the receipt of a prepaid order from a Channel Partner. Management expects that this order will be applied to new BIA projects in the 2022 fiscal 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:

|                                | 2021<br>£        | 2020<br>£ |
|--------------------------------|------------------|-----------|
| <b>Due within three months</b> |                  |           |
| Cash and cash equivalents      | <b>8,216,198</b> | 2,754,274 |
| Trade receivables              | <b>219,030</b>   | 427,458   |
| Other receivables              | <b>36,330</b>    | 18,662    |
|                                | <b>8,471,558</b> | 3,200,394 |

### Financial liabilities

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

|                                             | 2021<br>£        | 2020<br>£ |
|---------------------------------------------|------------------|-----------|
| <b>Non-derivative financial liabilities</b> |                  |           |
| <b>Due within one year</b>                  |                  |           |
| Trade payables                              | <b>236,893</b>   | 116,155   |
| Lease liabilities                           | <b>115,240</b>   | 112,302   |
| Other payables                              | <b>209,845</b>   | 239,547   |
| Total due within one year                   | <b>561,978</b>   | 468,004   |
| <b>Due between one and two years</b>        |                  |           |
| Lease liabilities                           | <b>119,273</b>   | 114,281   |
| Total due between one and two years         | <b>119,273</b>   | 114,281   |
| <b>Due between two and five years</b>       |                  |           |
| Lease liabilities                           | <b>383,410</b>   | 370,445   |
| Total due between two and five years        | <b>383,410</b>   | 370,445   |
| <b>Due after five years</b>                 |                  |           |
| Lease liabilities                           | <b>102,211</b>   | 234,451   |
| Total due after five years                  | <b>102,211</b>   | 234,451   |
| <b>Total financial liabilities</b>          | <b>1,166,872</b> | 1,187,181 |

There is no material difference between discounted and undiscounted lease liabilities therefore undiscounted lease liabilities are not disclosed separately.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2021

### 17. Equity

#### 17(a). Share capital and share premium

|                                              | 2021<br>Number of<br>shares | 2020<br>Number of<br>shares | 2021<br>£         | 2020<br>£         |
|----------------------------------------------|-----------------------------|-----------------------------|-------------------|-------------------|
| <b>Ordinary shares</b>                       |                             |                             |                   |                   |
| Fully paid                                   | 57,269,321                  | 47,642,124                  | 44,326,993        | 34,863,633        |
| <b>Total share capital and share premium</b> | <b>57,269,321</b>           | <b>47,642,124</b>           | <b>44,326,993</b> | <b>34,863,633</b> |

#### Movements in ordinary shares

|                                                 | Number of<br>shares | Share<br>capital<br>£ | Share<br>premium<br>£ | Total<br>£        |
|-------------------------------------------------|---------------------|-----------------------|-----------------------|-------------------|
| <b>Details</b>                                  |                     |                       |                       |                   |
| Opening balance at 1 October 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             |
| <b>Balance at 30 September 2020</b>             | <b>47,642,124</b>   | <b>95,284</b>         | <b>34,768,349</b>     | <b>34,863,633</b> |
| Issue of shares from placing                    | 9,523,810           | 19,047                | 9,980,953             | 10,000,000        |
| Issue of shares from exercises of share options | 65,300              | 131                   | 5,806                 | 5,937             |
| Issue of shares from employee share schemes     | 38,087              | 76                    | 41,391                | 41,467            |
| Costs of share issue                            | —                   | —                     | (584,044)             | (584,044)         |
| <b>Balance at 30 September 2021</b>             | <b>57,269,321</b>   | <b>114,538</b>        | <b>44,212,455</b>     | <b>44,326,993</b> |

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(b). Accumulated losses

The movement in accumulated losses is as follows:

|                                                                                | 2021<br>£           | 2020<br>£    |
|--------------------------------------------------------------------------------|---------------------|--------------|
| <b>Balance at 1 October</b>                                                    | <b>(29,666,862)</b> | (24,795,182) |
| Loss for the year                                                              | <b>(5,847,195)</b>  | (4,681,488)  |
| Items of other comprehensive expense recognised directly in accumulated losses | <b>(19,314)</b>     | (15,350)     |
| Share-based payment charge/(credit)                                            | <b>42,314</b>       | (174,842)    |
| <b>Balance at 30 September</b>                                                 | <b>(35,491,057)</b> | (29,666,862) |

### 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.

|                                       | 2021<br>£        | 2020<br>£        |                  |
|---------------------------------------|------------------|------------------|------------------|
| <b>Net funds</b>                      |                  |                  |                  |
| Cash and cash equivalents             | <b>8,216,198</b> | 2,754,274        |                  |
| Lease liabilities                     | <b>(720,134)</b> | (831,479)        |                  |
| <b>Net funds</b>                      | <b>7,496,064</b> | 1,922,795        |                  |
| Cash and cash equivalents             | <b>8,216,198</b> | 2,754,274        |                  |
| Gross debt – variable interest rates  | <b>(720,134)</b> | (831,479)        |                  |
| <b>Net funds</b>                      | <b>7,496,064</b> | 1,922,795        |                  |
|                                       | Leases<br>£      | Cash<br>£        | Total<br>£       |
| Net funds at 1 October 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)         |
| <b>Net funds at 30 September 2020</b> | <b>(831,479)</b> | <b>2,754,274</b> | <b>1,922,795</b> |
| Cash flows                            | 138,630          | 5,466,103        | 5,604,733        |
| Foreign exchange adjustments          | —                | (4,179)          | (4,179)          |
| Other changes                         | (27,285)         | —                | (27,285)         |
| <b>Net funds at 30 September 2021</b> | <b>(720,134)</b> | <b>8,216,198</b> | <b>7,496,064</b> |

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2021

### 19. Commitments

#### 19(a). Capital commitments

The Group had no capital commitments at 30 September 2021 (2020: none).

#### 19(b). Non-cancellable operating leases

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

### 20. Share-based payments

#### EMI, Unapproved and Company Share Option Plan Schemes

The Company has Share Option Plan Schemes (CSOPs) 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 with the only vesting condition being the continued employment of the option holder. 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 |                    |                | Total            | Weighted average exercise price per share (pence) |
|-----------------------------|---------------------------|--------------------|----------------|------------------|---------------------------------------------------|
|                             | EMI options               | Unapproved options | CSOP options   |                  |                                                   |
| <b>At 1 October 2019</b>    | 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)           | (85,000)       | (460,500)        | 266.07                                            |
| Transfer                    | (30,000)                  | 30,000             | —              | —                | —                                                 |
| <b>At 30 September 2020</b> | 995,550                   | 325,000            | 232,500        | 1,553,050        | 174.55                                            |
| Granted in the year         | 82,500                    | —                  | 80,000         | 162,500          | 110.17                                            |
| Exercised in the year       | (65,300)                  | —                  | —              | (65,300)         | 9.09                                              |
| Forfeited in the year       | (66,500)                  | —                  | (10,000)       | (76,500)         | 244.60                                            |
| <b>At 30 September 2021</b> | <b>946,250</b>            | <b>325,000</b>     | <b>302,500</b> | <b>1,573,750</b> | <b>171.36</b>                                     |

There were 1,238,258 share options outstanding at 30 September 2021 (30 September 2020: 1,220,925), 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 2021.

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 4.87 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 |
|--------------------|--------------------|-------------------|------------------------|--------------------|------------------------|-------------|
| 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         | 2                  | 50,000            | Time served            | 282.500            | 07/03/2017             | 26/05/2026  |
| 19/01/2017         | 9                  | 95,000            | Time served            | 277.500            | 20/06/2017             | 19/01/2027  |
| 24/05/2017         | 6                  | 60,000            | 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         | 8                  | 44,000            | 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         | 10                 | 80,000            | 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         | 2                  | 15,000            | 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  |
| 12/10/2020         | 3                  | 40,000            | Time served            | 97.500             | 02/03/2021             | 12/10/2030  |
| 02/03/2021         | 8                  | 72,500            | Time served            | 119.000            | 02/02/2022             | 02/02/2031  |
| 01/07/2021         | 6                  | 40,000            | Time served            | 110.000            | 12/04/2022             | 01/07/2031  |
| <b>Outstanding</b> |                    | <b>1,573,750</b>  |                        |                    |                        |             |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2021

### 20. Share-based payments continued

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

|                              | Granted on<br>12 October<br>2020 | Granted on<br>2 March<br>2021 | Granted on<br>1 July<br>2021 |
|------------------------------|----------------------------------|-------------------------------|------------------------------|
| Share price at date of award | 97.5p                            | 119.0p                        | 110.0p                       |
| Exercise price               | 97.5p                            | 119.0p                        | 110.0p                       |
| Expected volatility          | 45.6%                            | 46.7%                         | 45.9%                        |
| Risk-free interest rate (%)  | 1.40%                            | 1.40%                         | 1.40%                        |
| Expected life (years)        | 10                               | 10                            | 10                           |
| Expected dividend yield      | 0%                               | 0%                            | 0%                           |

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.

#### LTIP

Awards under the LTIP take the form of conditional awards of ordinary shares of 0.2p each in the Company which vest over the prescribed performance period to the extent that performance conditions have been met.

The 2021 awards total 1,005,293 options and were granted in July 2021.

Awards for Executive Directors are set at 100% of base salary and will vest 50% on absolute Total Shareholder Return (TSR) and 50% on a revenue growth target. For the 2021 grants, vesting on absolute annualised TSR growth of 15% to 35% will be required, measured with reference to the Company valuation on the date of grant. The TSR element will vest at the 20% level for performance at the bottom end of the target range rising, on a linear basis, to 100% vesting for the maximum performance. The revenue growth element will vest by reference to the revenue performance for the year ending September 2024.

Awards for the wider employee group are set at various levels ranging from 50% of base salary to a small fixed financial amount. Vesting will be based solely on achieving annual revenue growth targets. 10% of the total grant may be achieved in each of the first two years of the vesting period, with the remaining 80% of the grant determined by reference to the revenue performance in the final year of the vesting period.

There were no options exercisable at 30 September 2021 (2020: none). The options outstanding at 30 September 2021 had an exercise price of 0.2p.

The fair values for the LTIP awards were calculated by external consultants using Monte-Carlo pricing models with the following key assumptions:

|                              | 2021   |
|------------------------------|--------|
| Share price at date of award | 110.0p |
| Exercise price               | 0.2p   |
| Expected volatility          | 45.9%  |
| Risk-free interest rate (%)  | 1.40%  |
| Expected life (years)        | 3      |
| Expected dividend yield      | 0%     |

The Group recognised a charge of £42,314 (2020: credit of £174,842) in the Consolidated Statement of Comprehensive Income in respect of equity-settled share-based payment transactions in the year for all schemes in operation.

### 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:

|                                            | 2021<br>£      | 2020<br>£ |
|--------------------------------------------|----------------|-----------|
| <b>Executive Directors - aggregate</b>     |                |           |
| Short-term employment benefits*            | <b>338,263</b> | 445,142   |
| <b>Non-executive Directors - aggregate</b> |                |           |
| Short-term employment benefits*            | <b>106,000</b> | 111,544   |
| <b>Total</b>                               | <b>444,263</b> | 556,686   |

\* In addition, certain Directors hold share options in the Company for which a fair value share-based charge of £nil has been recognised in the Consolidated Statement of Comprehensive Income (2020: £3,650).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED**

FOR THE YEAR ENDED 30 SEPTEMBER 2021

**21. Related party transactions** continued**Amounts outstanding to key personnel**

As at 30 September 2021, no amounts were due to Directors in relation to reimbursement of fees and expenses arising in the ordinary course of business (30 September 2020: £nil).

**Transactions with shareholders and other related parties**

During the year the Group did not enter into transactions, in the ordinary course of business, with shareholders and other related parties.

There were no amounts outstanding due from or to the related parties at 30 September 2021 (2020: £nil).

During the year ended 30 September 2021, 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.

## COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2021

|                                                                                      | Share<br>capital<br>£ | Share<br>premium<br>£ | Accumulated<br>losses<br>£ | Total<br>equity<br>£ |
|--------------------------------------------------------------------------------------|-----------------------|-----------------------|----------------------------|----------------------|
| <b>At 1 October 2019</b>                                                             | 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)             |
| <b>At 30 September 2020</b>                                                          | 95,284                | 34,768,349            | (29,945,350)               | 4,918,283            |
| Loss and total comprehensive expense for the year                                    | —                     | —                     | (5,867,847)                | (5,867,847)          |
| Issue of shares                                                                      | 19,254                | 9,444,106             | —                          | 9,463,360            |
| Share-based payment charge                                                           | —                     | —                     | 39,667                     | 39,667               |
| Share-based payment charge in respect of services provided to subsidiary undertaking | —                     | —                     | 2,647                      | 2,647                |
| <b>At 30 September 2021</b>                                                          | <b>114,538</b>        | <b>44,212,455</b>     | <b>(35,770,883)</b>        | <b>8,556,110</b>     |



## COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2021

|                                      | Note  | 2021<br>£          | 2020<br>£          |
|--------------------------------------|-------|--------------------|--------------------|
| <b>ASSETS</b>                        |       |                    |                    |
| <b>Non-current assets</b>            |       |                    |                    |
| Property, plant and equipment        | C3    | 47,461             | 58,950             |
| Right-of-use assets                  | 11    | 670,814            | 782,606            |
| Intangible assets                    | 12    | 897,199            | 1,972,781          |
| Investments                          | C4    | 45,633             | 42,986             |
| <b>TOTAL NON-CURRENT ASSETS</b>      |       | <b>1,661,107</b>   | <b>2,857,323</b>   |
| <b>Current assets</b>                |       |                    |                    |
| Trade and other receivables          | C5    | 578,490            | 683,178            |
| Income tax receivable                | C10   | 44,103             | 295,550            |
| Cash and cash equivalents            | C6    | 8,166,526          | 2,660,809          |
| <b>TOTAL CURRENT ASSETS</b>          |       | <b>8,789,119</b>   | <b>3,639,537</b>   |
| <b>TOTAL ASSETS</b>                  |       | <b>10,450,226</b>  | <b>6,496,860</b>   |
| <b>LIABILITIES</b>                   |       |                    |                    |
| <b>Non-current liabilities</b>       |       |                    |                    |
| Lease liabilities                    | 11    | (604,894)          | (719,177)          |
| Deferred tax                         | C10   | (8,901)            | (7,079)            |
| <b>TOTAL NON-CURRENT LIABILITIES</b> |       | <b>(613,795)</b>   | <b>(726,256)</b>   |
| <b>Current liabilities</b>           |       |                    |                    |
| Trade and other payables             | C7    | (1,165,081)        | (740,019)          |
| Lease liabilities                    | 11    | (115,240)          | (112,302)          |
| <b>TOTAL CURRENT LIABILITIES</b>     |       | <b>(1,280,321)</b> | <b>(852,321)</b>   |
| <b>TOTAL LIABILITIES</b>             |       | <b>(1,894,116)</b> | <b>(1,578,577)</b> |
| <b>NET ASSETS</b>                    |       | <b>8,556,110</b>   | <b>4,918,283</b>   |
| <b>EQUITY</b>                        |       |                    |                    |
| Share capital                        | 17(a) | 114,538            | 95,284             |
| Share premium                        | 17(a) | 44,212,455         | 34,768,349         |
| Accumulated losses                   | C8    | (35,770,883)       | (29,945,350)       |
| <b>TOTAL EQUITY</b>                  |       | <b>8,556,110</b>   | <b>4,918,283</b>   |

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 2021 was a loss of £5,867,847 (2020: loss of £4,693,883).

Approved by the Board of Directors and authorised for issue on 2 February 2022.

### Dave Page

Chief Executive Officer



## COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

|                                                                   | 2021<br>£          | 2020<br>£          |
|-------------------------------------------------------------------|--------------------|--------------------|
| <b>Cash flows from operating activities</b>                       |                    |                    |
| Loss before tax                                                   | (5,929,730)        | (4,996,671)        |
| Adjustment for non-cash items:                                    |                    |                    |
| Depreciation of property, plant and equipment                     | 48,194             | 97,395             |
| Depreciation of right-of-use assets                               | 111,792            | 111,788            |
| Amortisation of intangible assets                                 | 933,780            | 952,124            |
| Impairment of intangible assets                                   | 820,110            | —                  |
| Profit on disposal of property, plant and equipment               | (359)              | —                  |
| Non-cash employee benefits– share-based payments expense/(credit) | 39,667             | (117,827)          |
| Finance income                                                    | (2,731)            | (13,915)           |
| Finance expense                                                   | 27,285             | 31,140             |
| <b>Operating cash outflow before changes in working capital</b>   | <b>(3,951,992)</b> | <b>(3,935,966)</b> |
| Decrease in trade and other receivables                           | 104,708            | 9,035              |
| Increase/(decrease) in trade and other payables                   | 425,062            | (247,829)          |
| <b>Cash flows used in operations</b>                              | <b>(3,422,222)</b> | <b>(4,174,760)</b> |
| Tax received                                                      | 315,152            | 296,866            |
| <b>Net cash outflow from operating activities</b>                 | <b>(3,107,070)</b> | <b>(3,877,894)</b> |
| <b>Cash flows from investing activities</b>                       |                    |                    |
| Development of intangible assets                                  | (678,308)          | (1,132,440)        |
| Purchases of property, plant and equipment                        | (36,705)           | (15,654)           |
| Proceeds from sale of property, plant and equipment               | 359                | —                  |
| Finance income                                                    | 2,731              | 13,915             |
| <b>Net cash outflow from investing activities</b>                 | <b>(711,923)</b>   | <b>(1,134,179)</b> |
| <b>Cash flows from financing activities</b>                       |                    |                    |
| Proceeds from issue of share capital, net of costs                | 9,463,360          | 62,982             |
| Principal element of lease payments                               | (138,630)          | (173,288)          |
| Employee Benefit Trust – loan (repayment)/advance                 | (20)               | (18,299)           |
| <b>Net cash (outflow)/inflow from financing activities</b>        | <b>9,324,710</b>   | <b>(128,605)</b>   |
| Decrease in cash and cash equivalents                             | 5,505,717          | (5,140,678)        |
| Cash and cash equivalents at start of year                        | 2,660,809          | 7,801,487          |
| <b>Cash and cash equivalents at end of year</b>                   | <b>8,166,526</b>   | <b>2,660,809</b>   |

## NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

### C1. Principal accounting policies

The financial statements of the Company are presented as required by the Companies Act 2006 and in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

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 2021 was a loss of £5,867,847 (2020: loss of £4,693,883).

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

### C3. Property, plant and equipment

|                                 | Leasehold<br>improvements<br>£ | Fixtures, fittings<br>and equipment<br>£ | Computer<br>equipment<br>£ | Total<br>£     |
|---------------------------------|--------------------------------|------------------------------------------|----------------------------|----------------|
| <b>Cost</b>                     |                                |                                          |                            |                |
| <b>At 1 October 2019</b>        | 173,909                        | 86,007                                   | 330,113                    | 590,029        |
| Additions                       | —                              | 1,200                                    | 14,636                     | 15,836         |
| Disposals                       | —                              | —                                        | (7,540)                    | (7,540)        |
| <b>At 30 September 2020</b>     | 173,909                        | 87,207                                   | 337,209                    | 598,325        |
| Additions                       | —                              | 1,738                                    | 34,967                     | 36,705         |
| Disposals                       | —                              | —                                        | (1,842)                    | (1,842)        |
| <b>At 30 September 2021</b>     | <b>173,909</b>                 | <b>88,945</b>                            | <b>370,334</b>             | <b>633,188</b> |
| <b>Accumulated depreciation</b> |                                |                                          |                            |                |
| <b>At 1 October 2019</b>        | 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)        |
| <b>At 30 September 2020</b>     | 152,218                        | 69,365                                   | 317,792                    | 539,375        |
| Charge for the year             | 21,080                         | 11,920                                   | 15,194                     | 48,194         |
| Disposals                       | —                              | —                                        | (1,842)                    | (1,842)        |
| Reclassification                | —                              | 114                                      | (114)                      | —              |
| <b>At 30 September 2021</b>     | <b>173,298</b>                 | <b>81,399</b>                            | <b>331,030</b>             | <b>585,727</b> |
| <b>Net book value</b>           |                                |                                          |                            |                |
| <b>At 30 September 2021</b>     | <b>611</b>                     | <b>7,546</b>                             | <b>39,304</b>              | <b>47,461</b>  |
| <b>At 30 September 2020</b>     | 21,691                         | 17,842                                   | 19,417                     | 58,950         |

### C4. Investments

At 30 September 2021, the Company held the following investments in subsidiary companies:

| Undertaking                                                                                      | Sector                       | Share of issued<br>capital and<br>voting rights<br>2021 |
|--------------------------------------------------------------------------------------------------|------------------------------|---------------------------------------------------------|
| Actual Experience Inc.<br>251 Little Falls Drive, Wilmington, Delaware,<br>Newcastle, USA, 19808 | Sales and marketing services | 100%                                                    |
| <b>Cost</b>                                                                                      |                              | <b>£</b>                                                |
| <b>At 1 October 2019</b>                                                                         |                              | 100,234                                                 |
| Disposals                                                                                        |                              | (57,248)                                                |
| <b>At 30 September 2020</b>                                                                      |                              | 42,986                                                  |
| Additions                                                                                        |                              | 2,647                                                   |
| <b>At 30 September 2021</b>                                                                      |                              | <b>45,633</b>                                           |
| <b>Impairment</b>                                                                                |                              |                                                         |
| <b>At 1 October 2019, 30 September 2020 and 30 September 2021</b>                                |                              | —                                                       |
| <b>Carrying value at 30 September 2021</b>                                                       |                              | <b>45,633</b>                                           |
| <b>Carrying value at 30 September 2020</b>                                                       |                              | 42,986                                                  |

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.

## NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2021

### C5. Trade and other receivables

|                                | 2021<br>£      | 2020<br>£ |
|--------------------------------|----------------|-----------|
| Trade receivables              | <b>219,030</b> | 427,458   |
| Other receivables              | <b>84,157</b>  | 102,704   |
| Loan to Employee Benefit Trust | <b>65,168</b>  | 65,148    |
| Prepayments and accrued income | <b>210,135</b> | 87,868    |
|                                | <b>578,490</b> | 683,178   |

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:       | 2021<br>£        | 2020<br>£ |
|---------------------------|------------------|-----------|
| A+                        | —                | 2,660,809 |
| A                         | <b>5,165,971</b> | —         |
| A-                        | <b>3,000,555</b> | —         |
| Cash and cash equivalents | <b>8,166,526</b> | 2,660,809 |

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 2021 are held in instant access current accounts or short-term deposit accounts. Balances are denominated in UK sterling (£) and US dollars (\$) as follows:

|                            | 2021<br>£        | 2020<br>£ |
|----------------------------|------------------|-----------|
| Denominated in UK sterling | <b>7,161,566</b> | 2,482,599 |
| Denominated in US dollars  | <b>1,004,960</b> | 178,210   |
| Cash and cash equivalents  | <b>8,166,526</b> | 2,660,809 |

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

|                                        | 2021<br>£        | 2020<br>£ |
|----------------------------------------|------------------|-----------|
| Trade payables                         | <b>227,248</b>   | 105,064   |
| Other tax and social security          | <b>135,080</b>   | 122,541   |
| Other creditors                        | <b>45,833</b>    | 41,235    |
| Amounts due to subsidiary undertakings | <b>281,072</b>   | 236,181   |
| Accruals and deferred income           | <b>475,848</b>   | 234,998   |
|                                        | <b>1,165,081</b> | 740,019   |

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 approximates 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<br>losses<br>£ |
|--------------------------------------------------------------------------------------|----------------------------|
| <b>At 1 October 2019</b>                                                             | (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)                   |
| <b>At 30 September 2020</b>                                                          | (29,945,350)               |
| Loss for the year                                                                    | (5,867,847)                |
| Share-based payment charge                                                           | 39,667                     |
| Share-based payment charge in respect of services provided to subsidiary undertaking | 2,647                      |
| <b>At 30 September 2021</b>                                                          | <b>(35,770,883)</b>        |

## NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2021

### C9. Employee costs

|                                                                                                          | 2021<br>Number | 2020<br>Number |
|----------------------------------------------------------------------------------------------------------|----------------|----------------|
| The average monthly number of persons (including Directors) employed by the Company during the year was: |                |                |
| Directors                                                                                                | 5              | 5              |
| Sales and support                                                                                        | 33             | 38             |
| Software development                                                                                     | 24             | 29             |
| Administration                                                                                           | 9              | 9              |
|                                                                                                          | <b>71</b>      | <b>81</b>      |

|                                                             | 2021<br>£        | 2020<br>£ |
|-------------------------------------------------------------|------------------|-----------|
| The aggregate remuneration, including Directors, comprised: |                  |           |
| Wages and salaries                                          | <b>3,672,226</b> | 4,625,397 |
| Social security costs                                       | <b>421,538</b>   | 555,564   |
| Other pension costs                                         | <b>348,550</b>   | 294,084   |
| Share-based expense/(credit) (Note 20)                      | <b>39,667</b>    | (117,827) |
|                                                             | <b>4,481,981</b> | 5,357,218 |
| Directors' remuneration comprised:                          |                  |           |
| Emoluments for qualifying services                          | <b>444,263</b>   | 543,327   |

Directors' emoluments disclosed above include £181,654 paid to the highest paid Director (2020: £154,982); 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 £4,481,981 (2020: £5,357,218) is £678,308 (2020: £1,132,440) which has been capitalised within development costs in accordance with IAS 38 (see Note 12). The remaining £3,803,673 (2020: £4,224,778) has been expensed in the Consolidated Statement of Comprehensive Income.

### C10. Taxation

#### Deferred tax

Deferred tax relates to the following:

|                                           | 2021<br>£    | 2020<br>£ |
|-------------------------------------------|--------------|-----------|
| Accelerated depreciation for tax purposes | <b>8,901</b> | 7,079     |
| Deferred tax liability                    | <b>8,901</b> | 7,079     |

Reconciliation of deferred tax liabilities:

|                                                                       | 2021<br>£    | 2020<br>£ |
|-----------------------------------------------------------------------|--------------|-----------|
| Balance at the beginning of the year                                  | <b>7,079</b> | 14,317    |
| Charge/(credit) to the Consolidated Statement of Comprehensive Income | <b>1,822</b> | (7,238)   |
| Balance at the end of the year                                        | <b>8,901</b> | 7,079     |

#### Unrecognised deferred tax assets/(liabilities)

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

|                                    | Tax<br>losses<br>£ | Lease<br>liability<br>£ | Right-of-use<br>assets<br>£ | Total<br>£       |
|------------------------------------|--------------------|-------------------------|-----------------------------|------------------|
| <b>At 1 October 2020</b>           |                    |                         |                             |                  |
| 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        |
| <b>At 30 September 2021</b>        |                    |                         |                             |                  |
| Deferred tax asset                 | <b>7,500,000</b>   | <b>136,825</b>          | —                           | <b>7,636,825</b> |
| Deferred tax liability             | —                  | —                       | <b>(127,455)</b>            | <b>(127,455)</b> |
| Net unrecognised asset/(liability) | <b>7,500,000</b>   | <b>136,825</b>          | <b>(127,455)</b>            | <b>7,509,370</b> |

## NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2021

### C10. Taxation continued

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 £9,370 (2020: £9,286) 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 (HMRC) to the Company. At 30 September 2021, £44,103 was due from HMRC (2020: £295,550).

### 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 £328,129 charged by Actual Experience Inc. during the year (2020: £283,657). At 30 September 2021, an amount of £281,072 was due to the subsidiary company (30 September 2020: £236,181 due to the subsidiary company).

### C12. Financial instruments

The principal financial instruments used by the Company, from which financial 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 Company held the following financial assets:

|                                | 2021<br>£        | 2020<br>£ |
|--------------------------------|------------------|-----------|
| <b>Due within three months</b> |                  |           |
| Cash and cash equivalents      | 8,166,526        | 2,660,809 |
| Trade receivables              | 219,030          | 427,458   |
| Other receivables              | 36,330           | 18,662    |
|                                | <b>8,421,886</b> | 3,106,929 |

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

|                                             | 2021<br>£        | 2020<br>£ |
|---------------------------------------------|------------------|-----------|
| <b>Non-derivative financial liabilities</b> |                  |           |
| <b>Due within one year</b>                  |                  |           |
| Trade payables                              | 227,248          | 105,064   |
| Lease liabilities                           | 115,240          | 112,302   |
| Other payables                              | 206,458          | 235,083   |
| Total due within one year                   | <b>548,946</b>   | 452,449   |
| <b>Due between one and two years</b>        |                  |           |
| Lease liabilities                           | 119,273          | 114,281   |
| Total due between one and two years         | <b>119,273</b>   | 114,281   |
| <b>Due between two and five years</b>       |                  |           |
| Lease liabilities                           | 383,410          | 370,445   |
| Total due between two and five years        | <b>383,410</b>   | 370,445   |
| <b>Due after five years</b>                 |                  |           |
| Lease liabilities                           | 102,211          | 234,451   |
| Total due after five years                  | <b>102,211</b>   | 234,451   |
| <b>Total financial liabilities</b>          | <b>1,153,840</b> | 1,171,626 |

There is no material difference between discounted and undiscounted lease liabilities therefore undiscounted lease liabilities are not disclosed separately.

## NOTICE OF ANNUAL GENERAL MEETING

**Notice is given** that the Annual General Meeting of Actual Experience plc (the Company) will be held at the offices of Osborne Clarke LLP at One London Wall, London, EC2Y 5EB at 11 a.m. on Thursday 24 March 2022 for the purposes below.

### 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 2021.
2. To re-elect Kirsten English 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 Stephen Davidson 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 (the 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 £38,185 provided that (unless previously revoked, varied or renewed) these authorities shall expire at the conclusion of the next Annual General Meeting (AGM) 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 £11,456, and (unless previously revoked, varied or renewed) this power shall expire at the conclusion of the next AGM 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



2 February 2022

### Registered office

Quay House,  
The Ambury,  
Bath,  
BA1 1UA.

Registered in England and Wales No. 06838738

## NOTES RELATING TO ANNUAL GENERAL MEETING

### Entitlement to attend and vote

1. The right to vote at the meeting is determined by reference to the register of members. Only those shareholders registered in the register of members of the Company as at close of business on 22 March 2022 (or, if the meeting is adjourned, close of business on the date which is two working days before the date of the adjourned meeting) shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries in the register of members after that time shall be disregarded in determining the rights of any person to attend or vote (and the number of votes they may cast) at the meeting.

### 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](http://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 cast your vote electronically at [www.signalshares.com](http://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](http://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](http://www.signalshares.com), you can manage your shareholding, including:
  - cast your vote;
  - change your dividend payment instruction;
  - update your address; and
  - 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](mailto: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. Link's business hours are 9.00 am – 5.30 pm, 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 11.00 am on 22 March 2022 (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 AGM, relating to the business to be dealt with at the AGM to [investors@actual-experience.com](mailto: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](http://www.actual-experience.com/about/investors)) as soon as practicable after the AGM.

### Biographical details of Directors

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



## GLOSSARY OF TERMS

**Actual Experience plc** – The legal entity of the company. 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 employee's 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)** – 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 (HX)** – The quality of a customer's usage of their personal digital ecosystem.

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

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

## NOTES



**Actual Experience plc**

Quay House, The Ambury, Bath, BA1 1UA.

[www.actual-experience.com](http://www.actual-experience.com)