6 July 2022

ActiveOps Plc

("ActiveOps", the "Company, "the Group")

Results for the year ended 31 March 2022

ActiveOps plc (AIM: AOM), a leading provider of Management Process Automation (MPA) software for running complex and global back-offices, is pleased to announce its unaudited results for the financial year ended 31 March 2022.

Financial Highlights:

Years ended 31 March	**2022**	**2021**	**Change**
Annual recurring revenue "ARR"[1]	£20.1m	£18.3m	+10%
Revenue	£22.9m	£20.4m	+12%
Software & Subscription revenue	£19.6m	£17.8m	+10%
Training & implementation "T&I" revenue	£3.4m	£2.6m	+31%
Gross margin	81%	82%	-1ppt
Adjusted EBITDA[2]	£(0.3m)	£0.4m	-
Profit/(loss) before tax	£(2.6)m	£(2.0)m	-30%
Earnings per share on continuing operations	(3.83)p	(4.83)p	+21%
Net cash and cash equivalents	£13.8m	£16.6m	-17%

- ARR growth of 10%, above prior year growth (7%)
- Total revenue growth of 12%. T&I revenues recovered to pre-pandemic levels with 31% growth year over year
- Gross margins remain strong at 81%, supported by implementations being predominantly remotely delivered
- Adjusted EBITDA marginally loss making (£0.3m) (FY2021 Profit £0.4m) reflecting additional investment in sales and R&D
- Strong EBITDA cash conversion of 698% (FY21: 350%) continues with annual in advance billing[3]
- Balance sheet remains strong with no debt and £13.8m cash in the bank (FY2021: £13.1m adjusted[3])

Operational Highlights

- Added 9 new customers globally, including wins within each of the Group's key industry verticals and geographic regions
- Significant product enhancement, including launch of a unique task mining technology that expands the capabilities for the Group's software and CaseworkiQ (launched in June 2022), which extends usage of the Group's software into complex case-management and regulated operations
- Grew SaaS revenues by 20% in the important North American market, making it the highest growth region despite US businesses having been subject to greater Covid-19 pandemic related disruptions than our other regions
- First enterprise level up-sell of WorkiQ to an existing ControliQ customer demonstrating incremental performance improvement through WorkiQ
- Expanded software engineering capabilities, doubling capacity in order to support delivery of product vision
- Established a data science function and developed new product capabilities to be released in FY23 which extend the software's automation capabilities via Machine Learning

- Extended key partner relationship with Microsoft to enable the Group's solutions to be purchased via Microsoft and soon to be released integration with Microsoft Teams

Outlook

- Trading in the new financial year has begun in line with management expectations
- Q1 has seen strong renewals, a new banking customer in the APAC region and significant expansions in several existing customers
- Trading is on target to generate a positive run-rate EBITDA at the end of the current financial year

Footnote to Financial highlights

The above non-GAAP measures are unaudited

1. Annual Recurring Revenue – unaudited
2. Adjusted EBITDA is used by management to assess the trading performance of the business. Defined as Operating profit before depreciation, amortisation, share-based payment charges and exceptional items and includes FX differences.
3. Adjusted FY2021 cash and EBITDA Cash Conversion % excludes a tax payment in April 2021 of £3.5m relating to employee share options exercised at IPO

Richard Jeffery, Chief Executive Officer of ActiveOps plc, commented:

"This was a transformative year for ActiveOps, against a complex market backdrop. Alongside establishing the processes required of a publicly listed company, we successfully deployed our leading-edge technology to solve the new problems and challenges being faced by our customers as they adapt to hybrid working in response to the Covid-19 pandemic. As interest in workforce management solutions continues to grow, our market-leading offering continues to resonate with our growing global blue-chip customer base.

"We continue to benefit from a strong balance sheet and high levels of recurring revenues. This provides us with a strong basis to move towards profitability whilst continuing to carefully invest and manage the impact of inflationary pressures. Through the investments we have made, we have an enhanced offering and enlarged team with which to address our considerable target market. While conscious of the ongoing challenging macro-economic picture, we are confident in our ability to continue to deliver against our growth plan."

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About ActiveOps

ActiveOps is a leader in Management Process Automation (MPA), providing a SaaS platform to large enterprises with complex and often global back-offices. The Group's software and embedded back-office operations management methodology enables enterprises to adopt a data-driven, scientific approach to organising work and managing capacity.

The Group's enterprise platform comprises *Workware+*, its MPA software platform, and *AOM,* the Group's operations methodology and framework for effective back-office management. Together, this combination of software and embedded methodology enables operations managers to balance the competing priorities of meeting service and quality standards while improving productivity and reducing cost.

As at 31 March 2022, the Group has over 190 employees, serving its global customer base of approximately 80 enterprise customers from offices in the UK, Ireland, USA, Australia, India and South Africa. The Group's customers are predominantly in the banking, insurance and business process outsourcing (BPO) sectors, including Nationwide, TD Bank, Anthem Inc and DXC Technology.

CHAIR'S STATEMENT

A STRONG FIRST YEAR AS A PUBLIC COMPANY

Last year was a transitional year in many ways for ActiveOps, one in which we embraced life as a PLC, while ensuring our offerings adapted to new ways of working in response to the Covid-19 pandemic. We are now witnessing another terrible crisis following Russia's invasion of Ukraine and our thoughts go out to all those impacted.

The resilience of the Group, with high levels of recurring revenues, a blue-chip customer base and high gross margins, created a strong foundation for us to deal with these transitional events and continue to grow. The business delivered a financial performance for the year ahead of the targets set at the time of IPO, with performance in EMEIA particularly strong. In the US the market for our offerings is still emerging, but the new ways of working being adopted as a result of the Covid-19 pandemic created many new opportunities and the US was our fastest growing region.

Financial performance

We have continued to deliver a strong financial performance with growth across all revenue metrics. The quality of the Group's recurring revenue business model is evident in the growth in SaaS revenues, reaching £19.6m (FY21: £17.8m).

In line with our stated strategy, we continued to invest in sales, marketing and research & development to drive future growth which resulted in a loss after tax for continuing operations for the year of £2.6m (FY21: Loss £2.7m). We remain on course to achieve operational profit in FY24.

We remain well funded, finishing the period with a cash balance of £13.8m, which provides us with the capabilities to execute our growth strategy.

Operational achievements

The business continues to successfully execute our strategy: to expand globally, focussing on our large target markets in Banking, Insurance and BPO, while growing our footprint in our existing client base. Through the year the continued success of our stated Land & Expand strategy was reflected in the number of contract renewals and expansions secured, alongside nine new logo wins with blue-chip organisations, all of which provide considerable future expansion opportunities.

The development of our offering continued to accelerate, with this increased innovation providing our customers with more sophisticated tools and further differentiating us from our competitors. The insight and improvement that we can deliver with a product that manages 100 million hours of work per annum and continues to receive excellent customer feedback is very significant indeed. We believe that there are very few alternative products that deliver such a swift return on investment and broad range of other benefits to customers after adoption.

The executive team navigated the complexities of the past year well, with the IPO and Covid-19 requiring additional management focus. Now, with these matters largely resolved, we look to the year ahead with a renewed vigour and focus.

Governance

I am pleased with the way we have established a new Board and the impact my fellow Directors have had so far. The creation of the new audit, nominations, and ESG governance approaches has already yielded progress, and we expect to continue to keep ourselves to high standards going forward.

We have always been a company of 'concerned citizens' but the structure brought by the needs of ESG reporting as a PLC has been a welcome opportunity for us to assess where we are and highlight opportunities for continued improvement. I wish to personally thank my Board colleague Hilary Wright for her involvement with the executive team in guiding this activity.

The interaction and approach to the management of finance and Audit has gone from strength to strength under the leadership of our CFO Paddy Deller. He has been ably guided by the chair of the Audit committee, Michael McLaren, whose insight and experience has proved to be greatly helpful.

Unfortunately, circumstances in the world have led to the stock markets taking defensive actions but we are thrilled to have a strong investor base for whom we fully expect to deliver well in the coming years.

Looking ahead

After a transitional year the Group is focused and well set up to seize opportunity in front of it. Our strategy, target market, financial strength and team are all aligned to deliver on the aspirations laid out at IPO. The Board and I remain confident that this is a very scalable business which is strongly cash generative, backed by high gross margins and well positioned to execute its growth strategy.

For the year ahead we see continued opportunity in our regional expansion plans. Our existing customers in all of our regions continue to expand their use of our software, which is a testament to its effectiveness in driving operational gain in terms of cost and control, as well as giving customers an ability to meet governance and regulatory requirements in previously unforeseen ways. We remain dedicated to expanding our footprint in our existing customer base, which itself provides more than enough opportunity to meet our growth ambitions. This coupled with our focused effort to acquire new customers leaves me optimistic about continued growth. Our latest software enhancements are being very positively received by our customers and partners.

The market dynamics that impact our business remain favourable as the requirement for organisations to manage costs, enhance employee experience and meet new regulatory demands continues to increase. As a result of this, we have continued to build our sales pipeline very effectively and expect this to yield results in the coming year. We have a motivated team, a product that is market leading, an enviable customer care process, delivering fantastic expansion opportunities and a well invested go-to-market approach. All these ingredients provide confidence that the Group will continue to deliver on the established plan.

I would like to end by congratulating the whole team for navigating their first year as a public company on the London Stock Exchange and the work done to meet the subsequent requirements. I am always impressed by the enthusiasm and excitement I see across all our departments for the offering and how it helps our customers change the way they do business, such that the customer can transform their worlds of work.

We remain focused on delivering results for our shareholders and driving the expansion of the business.

Sean Finnan

Non-executive Chair

CEO STATEMENT

THE OPPORTUNITY FOR ACTIVEOPS HAS NEVER BEEN GREATER

The year to 31 March 2022 was a transformative year at ActiveOps against a complex market backdrop. Alongside establishing the processes of a publicly listed company, we successfully deployed our leading-edge technology to solve the new problems and challengers being faced by our customers as they adapt to hybrid working in response to the Covid-19 pandemic. These new challenges, in addition to the ever-growing requirements for transparency and compliance, meant the market need for our technology was clear and reflected by our record levels of pipeline opportunities. More prosaically, sales cycles remain extended as the practicalities of approval and procurement processes in large enterprises continue to change and evolve.

We have delivered a year of growth, winning customers in all territories and sectors that we address, while expanding our existing customer base. Encouragingly, growth was most rapid in North America and although bookings have been more impacted in this region by Covid-related uncertainty than our other geographies, the US remains a key focus for the group. Elsewhere the EMEIA region performed well with historic highs in terms of Training and Implementation profitability, and Asia Pacific made a strong and profitable contribution.

Importantly, the investments we have made to expand our team provided us with the capability to execute against our product roadmap, making considerable advances in areas of artificial intelligence (AI) and automation. We are particularly excited by the potential for the newly launched CaseworkiQ product, which offers the opportunity to move into new regulated areas within our existing customer base and target marketing upon some specific, high-profile issues in target customers. We believe these new capabilities will add further differentiation to our offering, unlock greater value for our customers and provide a pathway to growth acceleration.

The successful expansion deals secured during the year, including the first enterprise level up-sale of WorkiQ into an existing ControliQ customer, combined with our growing pipeline of opportunities, provide us with confidence as we look ahead.

While we are conscious of the ongoing economic and social challenges being faced across the world, our high levels of penetration across three geographic regions, our blue-chip customer base and expanding offering stand us in good stead to continue our growth, as we strive to help large organisations adapt to increasingly complex hybrid working models.

Robust financial performance

The robust financial performance of the Group is underpinned by the strong fundamentals of our business model, characterised by a highly scalable platform, delivering high gross margins and strong cash generation.

We are pleased to report growth across all revenue metrics, with a particularly strong return of Training & Implementation revenues, up 31% following the impact of Covid-19 lockdowns in FY21. The strength of the Group's recurring revenue business model is evident in the growth in SaaS revenues, reaching £19.6m FY21: £17.8m).

New customer wins coupled with expansions at existing customers have resulted in Annual Recurring Revenue increasing 10% to £20.1m in the year, and recognised revenue increased 12% to £22.9m (FY21: £20.4m). Our Net Revenue Retention (NRR) rates dipped slightly in the year to 102% (FY21: 104%), reflecting the offsetting of some strong expansion sales with reductions at other customers as a result of reconfiguration of their operations. We are confident that the investments we have made in our account management teams during this year, combined with a return to a more proactive approach to improvement projects by our customers post-pandemic, will see us return to historic high levels of growth.

In line with the growth strategy outlined at the time of IPO the Group increased investment in sales, marketing and research & development in the year, resulting in a loss after tax for continuing operations for the year of £2.6m (FY21: Loss £2.7m). We remain on track to achieve operational profit by FY24.

The business remains well funded with a closing cash balance of £13.8m, providing us with the financial strength to execute our investment roadmap.

Evolving market

We see four key factors in the evolving world of work driving the underlying need for the better data and operational control our technology provides. These are: the still evolving requirements for hybrid working; the ongoing transition towards agile operating models; growing regulatory pressures; and the growing focus on delivering positive employee experience.

The adoption of a well-functioning hybrid approach is proving simpler and more secure for those operations who benefit from the rich data and consistent, digitally enabled operations management processes provided by our solutions. The established approaches to managing capacity are becoming obsolete by the new complexities of hybrid working, and require organisations to increase their use of data and digital solutions to secure performance and meet the needs of stakeholders.

Many organisations are finding that these legacy management processes, which relied on the physical presence and technical experience of managers, are constraining performance and introducing significant risk. In addition, we are beginning to see regulators requiring that organisations be able to demonstrate the availability of adequate skills and capacity to maintain key services. Our solutions ensure organisations can demonstrate these requirements whilst still running as lean as possible.

The pandemic has also caused many organisations to re-double their digital transformation efforts, with greater process automation being the most significant focus within our operating environment. Automation brings efficiency but also creates silos of both data and resources within operations, meaning the full benefit of automation is often not delivered. Our Management Process Automation solutions break down these silos and ensure investments in process automation deliver their full potential.

The growth in the regulatory environment is creating a need for an increased ability to audit a wider range of workflows, which we are addressing through our newly launched CaseworkiQ offering.

Meanwhile a focus on providing a positive employee experience is rising to the fore, as businesses around the world grapple with the issues of wage inflation and increased staff attrition, while also seeking to fulfil their ESG commitments. Our software provides operational managers with the insight and control needed to confidently operate hybrid office/home environments and offer employees much valued flexibility over when and where they work.

In the short-term, procurement processes continue to be protracted as a result of a profound period of change and uncertainty. However, the factors described above are increasing awareness of the need for better information and processes for managing work and capacity.

ActiveOps' world-leading MPA product suite and its embedded methodology are designed to deliver the control required to address the challenges of back-office complexity, by collating and standardising disparate data into a set of digital tools. This helps managers make better and quicker decisions, thereby enabling organisations to optimise their operational performance.

Product enhancements and team expansion

One of the key successes of the year is the advancements we have made in our product offering. With a firmly established blue chip customer base, across three key geographic regions, we made the decision prior to IPO to increase investment in R&D to further exploit the considerable Land and Expand opportunity we see within our customer base. Through this innovation we will provide our customers with increasingly sophisticated management process automation tools to address the evolution of the back office, increase the attractiveness of our offering to our target customers and further differentiate us from competitors.

Collector

Developments in the year include the launch of Collector, a component available to both WorkiQ and ControliQ customers, which uses task mining technology to automate the enumeration of completed work, providing an accurate picture of productivity whilst reducing the overhead expended in data collection. This enhancement makes WorkiQ the only desktop analytics solution able to meaningfully connect activity time tracking to completed work output.

ControliQ

Enhancements were also made to ControliQ in the year, with the launch of a new functionality that enables businesses to plan the optimal use of resources more easily in a hybrid work environment, as well as new reporting capabilities for senior managers.

WorkiQ

We have developed a new WorkiQ extension to meet the specific needs of hybrid working in the US. This enhancement includes functionality to help customers better manage their employees in line with the challenging vaccine mandate legislation introduced by the US Government.

Launch of CaseworkiQ

We were delighted to launch CaseworkiQ post year end in response to the increasing process complexity and regulatory pressure in back-office operations. CaseworkiQ addresses the need for smarter management of capacity and performance in relation to case work related workflows. These are typically tasks with multiple stages, which might take weeks or months to complete, such as the completion of Know Your Customer (KYC) checks by banks, or high value claims in the insurance sector. Automation, regulation and product innovation in our target markets are all driving increased process complexity, meaning the market for CaseworkiQ is well established and growing. The complexity of these types of workflows makes them challenging for operations teams to measure, forecast and plan capacity. Such workflows are often subject to high levels of regulatory scrutiny and, if completed incorrectly, can expose organisations to risk of fines. Therefore these are areas in which organisations are increasingly investing.

Through the implementation of CaseworkiQ, organisations can expect to make productivity gains, optimise planning and ultimately complete more cases within defined SLAs, which often have externally visibility. This will increase surety of performance and importantly will give companies complete compliance audit threads, helping them to demonstrate control and resilience to the Regulator, while simultaneously reducing the risk of financial penalties.

The offering is highly applicable across our existing customer base, widening the addressable customer population. The module will be sold on a per user annual licence, adding to our levels of recurring revenue.

The first customer on the offering is a UK high street bank and existing ControliQ customer. Implementation of CaseworkiQ increased service level agreement achievement whilst simultaneously increasing productivity by more than 20%.

Data science roadmap

We continued investment in our data science function to accelerate our use of artificial intelligence (AI) and machine learning (ML) techniques which, when paired with our existing dataset, present significant opportunities to further automate management decision making.

Capabilities we will be adding to our offering include the following:

- Automated AI-driven forecasting and planning, significantly increasing efficiency and accuracy, which in turn lead to performance improvement and released capacity.
- AI driven performance optimisation – intelligent, real-time prompts highlighting performance issues and potential corrective actions.
- Automated skills management – automatic determination of available skill levels across the back office making it simple to identify training requirements and, where shared skills exist across departments, allowing for the transfer of workflows when required.

Growth of our customer base: Land & expand

Our new customer acquisition activity is focused on a tightly defined set of banks, insurers and BPOs in our target geographies, representing a significant Annual Recurring Revenue (ARR) opportunity.

We made good progress in the year, securing new logo wins or significant expansion sales across all target regions and sectors. Nine new customers were secured in the year, including a large insurer and a healthcare payer in the US, a major BPO, an investment management firm and a global consulting and services group.

We saw a good number of contract renewals and expansions in the period, including the transition of three major banking customers from an annual licence to a multi-year contract for ControliQ, both increasing revenue visibility from the customer and evidencing the central role of the software within the bank's back-office operations. Expanded use of ControliQ was seen across many of ActiveOps' customers, including three of the UK's leading high street banks.

The year also saw the first enterprise level up-sell of WorkiQ into an existing ControliQ customer; a leading North American bank was the first of ActiveOps' top ten customers to take a WorkiQ contract at scale, a key ambition of the Land & Expand strategy. An example of the value we can provide can be seen in the results delivered for a South African bank where the introduction of WorkiQ alongside established ControliQ deployments has shown a 12% incremental increase in productivity levels. We are expecting that more enterprise-level ControliQ customers will take advantage of the increased productivity gains provided by the implementation of WorkiQ and likewise, we anticipate existing

WorkiQ customers extending their usage to include ControliQ as they seek higher levels of operations management maturity.

Sales pipeline

We have invested in our team throughout the year, hiring experienced enterprise sales executives, commercial account managers and business development resources, meaning we enter FY23 with a considerably enhanced sales operation. Whilst we saw a slight elevation in customer churn levels during the year, these investments in our team are already delivering results in higher levels of in-account opportunities in the pipeline.

We see particularly encouraging opportunities in our EMEIA and Australian pipeline, with strong representation from existing and new customers. Within the US we are refocusing our sales efforts on a smaller group of defined targets, who we believe are best placed to take advantage of the benefits of our offering. As a result of the above initiatives, combined with a more stable market backdrop post-pandemic, we have seen the value of sales opportunities in our pipeline at formal proposal stage or later increase by 60% compared to this time last year, providing us with confidence as we move into FY23.

Focus for FY23

Our focus for the year ahead is to capitalise on the investments we have made in our team and offering, and to accelerate both the growth and conversion of our growing sales pipeline. With multiple product enhancements being released through the year we are providing our sales teams with compelling tools to engage with existing and potential customers.

Areas showing particular interest are the use of CaseworkiQ for supporting the needs of banks processing financial crime related activities and the use of new automated planning in ControliQ. This is potentially a game changer for many operations since it eliminates the time and thought required by team leaders to build their plans, and increases the accuracy of the plans produced, leading to even more effective use of capacity. This takes away another cause of uncertainty and volatility in operational performance since we are reducing time to act and providing better actions to take.

Confident Outlook

Trading in the new year has begun in line with management expectations, with strong renewals, an additional new banking customer in the APAC region and significant expansions in several existing customers.

We continue to benefit from a strong balance sheet, with cash comfortably ahead of management expectations and high levels of recurring revenues. This provides the business with a strong basis from which it can continue to carefully invest in its expansion, whilst managing the impact of inflationary pressures. We are trading on target to generate a positive run-rate EBITDA at the end of the current financial year.

As interest in workforce management solutions continues to grow, our market-leading offering continues to resonate with our growing global blue-chip customer base. Through the investments we have made in our technology we have an enhanced offering with which to target our considerable target market and an enlarged sales team with which to do so. While conscious of the ongoing challenging macro-economic picture, we are confident in our ability to continue to execute our growth plans and look to the future with confidence.

Richard Jeffery

Group Chief Executive Officer

GROUP FINANCIAL PERFORMANCE AND CHIEF FINANCIAL OFFICER'S REPORT

INVESTMENT TO GROW

I am pleased to report on a robust year for the group with 12% organic revenue growth to £23m and the delivery of investment plans to enable the business to scale effectively as we move forward. This investment generated a loss for the year of £2.6m and builds a solid platform to enable the group to execute against its strategy. We have commenced the new financial year well, and trading is on target to generate a positive run-rate EBITDA at the end of the current financial year.

	Year ended 31 March 2022			Year ended 31 March 2021		
	SaaS	**T&I**	**Total**	SaaS	T&I	Total
	£000	**£000**	**£000**	£000	£000	£000
Revenue	**19,564**	**3,353**	**22,917**	17,794	2,600	20,394
Cost of sales	**(2,974)**	**(1,423)**	**(4,397)**	(2,364)	(1,361)	(3,725)
Gross Margin	**16,590**	**1,930**	**18,520**	15,430	1,239	16,669

Revenue

Annual Recurring Revenue of £20.1m at 31 March 2022 has grown 10% versus the prior year (31 March 2021: £18.3m) as a result of sales to nine new customers generating new ARR of £1.3m, and ARR from existing customers, increasing by 2% (2% constant currency). These significant sales successes have been offset by structural changes to the operations of several customers, including operations having been moved to lower cost jurisdictions (leading to lower license fees) and certain lines of business having been closed.

Total revenue at £22.9m was 12% ahead of prior year, with software and subscription revenues increasing 10% to £19.6m (FY21: £17.8m) with increased revenues generated from both new and existing customers.

Training and Implementation (T&I) revenues have increased to £3.4m (FY21: £2.6m) following low levels of implementations in the first half of FY21 due to the Covid-19 pandemic. T&I revenues continue to vary by product and region depending on the mix of customer implementation requirements, with YE22 seeing proportionately higher levels of WorkiQ sales through both cross sell and new customer wins, versus prior periods with a lower mix of implementation requirements.

Margins and Operating Profit

Gross margins have reduced slightly to 81% (FY21: 82%). SaaS revenue margins have decreased to 85% (FY21: 87%) as a result of stepped investment in helpdesk activities to support further growth in the business. This has been offset by a larger proportion of T&I revenues, which have a higher margin, compared with the prior year. T&I revenues and margins vary according to the product mix (WorkiQ versus ControliQ), the location of implementations (higher cost jurisdictions delivering higher margins) and level of support required by ActiveOps coaches on each delivery. FY22 saw a higher mix of ActiveOps led implementations in high-cost jurisdictions.

Operating expenses (excluding share based payments, depreciation, amortisation and exceptional items) increased to £19.0m (FY21: £16.4m) following the investment ActiveOps has made in people with year-end headcount increasing by 26 heads. The research & development capabilities of the business have been significantly expanded to enhance the speed of deployment of updates to the technology platform. We have also continued to expand sales and account management teams in all regions. Travel costs have increased over prior years, particularly in the second half of the year as the impact of the Covid-19 pandemic diminished. Costs associated with managing a PLC also increased following the company's IPO in March 2021.

Adjusted EBITDA moved to a loss-making position of £0.3m (FY21: profit £0.4m) excluding the costs associated with share-based payments (FY22: £0.6m; FY21 de minimus) and M&A activities (FY22: £0.5m; FY21: £0.9m).

Product and Technology Expenditure

Total expenditure on product management, research, maintenance and support in the year increased to £4.0m (2021: £3.4m) following investment in all areas. This investment increased the software engineering headcount, providing vital capability and capacity to deliver our exciting roadmap of new features. We also expanded our data science capability which will result in increased use of Artificial Intelligence and Machine Learning within our products. Research & development costs of £0.4m were also capitalised during the year relating to new features incorporated into ControliQ. Costs incurred relating to the simplification of the underlying software architecture are not able to be reliably measured and have therefore been expensed through the P&L.

Exceptional Items & Long-Term Incentive Plan (LTIP) charges

During the year the income statement charge for the LTIP incentives issued at IPO was £0.6m (FY21: de minimus). There were also exceptional charges of £0.5m relating to an acquisition that did not complete as a result of funding from the stockmarkets being unavailable following the Russian invasion of Ukraine.

Foreign Exchange

The Group has 54% (2021: 50%) of revenues invoiced in currencies other than GBP, with the group's cost base predominantly located in the same currency jurisdictions, providing a natural hedge to currency exchange risk. Movements on exchange rates throughout the year represent a movement of less than 1% in either revenues or costs. [to be verified]

Depreciation and Amortisation

Depreciation and amortisation of £1.0m (FY21: £1.1m) principally comprised intangible amortisation following the acquisition of the OpenConnect entity in 2019 and the Australian entities in 2017.

Taxation

The Group had a tax charge in the year of £0.1m (FY21: £0.7m). The group operates a transfer pricing policy to ensure that profits are correctly recorded in each of the jurisdictions in which it operates. ActiveOps has brought forward tax losses in the UK and Irish legal entities that currently reduce the overall tax rate of the business.

Statutory Results

The Group reported a loss of £(2.6m) (FY21: profit £9.1m, operating loss from continuing operations of £2.7m).

Earnings per Share

As a result of the Group's investments in research, development, sales and marketing, the loss attributable to equity shareholders per share for continuing operations was 3.83p (FY21: 4.83p).

Dividend

The Board has determined that no dividend will be paid in the year. The Group is primarily seeking to achieve capital growth for shareholders. It is the Board's intention during the current phase of the Group's development to retain distributable profits from the business to the extent they are generated.

Balance Sheet

The Group has retained a strong balance sheet position with no debt and net assets at 31 March 2022 of £8.5m (FY21: £10.5m) including cash of £13.8m at the end of the year (FY21: £16.6m).

Goodwill and intangible assets

The carrying value of the Group's goodwill of £1.2m (FY21: £1.1m) was reviewed by the Board with no indications of impairment. The intangible assets at £4.3m (FY21: £4.5m) arising from business combinations for customer relationships, purchased software and capitalised development costs are amortised over an appropriate period.

Working Capital

The Group continues to generate positive working capital with the ratio of Operating cashflow to EBITDA at 698% for the year (FY21: 350%) excluding the impact of £3.5m paid to tax authorities at the beginning of the year, relating to employment taxes due from the exercise of share options and sale of shares at the IPO on 29 March 2021.

The Group continued to bill customers annually in advance for software revenues with deferred income increasing to £12.0m (2021: £11.5m). The seasonality of existing contract customer renewals in the second half of the year delivered a strong increase in cash over that period.

Paddy Deller

Chief Financial Officer

Environmental, Social and Governance Report

ActiveOps has always been proud to be a diverse, global business and has sought to adopt sound governance structures through its development. Since our listing in March 2021 we have taken steps to adopt a more formal approach to managing and developing our ESG agenda.

Simplifying how organisation's control operational performance has a transformative impact on organisational success, the wellbeing of employees and the outcomes for customers. The Group's ESG agenda supports this goal by delivering positive impacts for our employees, the environment and our wider stakeholders.

This report represents the Environmental, Social and Governance information and metrics which have been adopted by ActiveOps in the first year of being quoted on the AIM market of the London Stock Exchange, and includes details of the process used by the Group to select an appropriate framework to support future development of the Group's ESG focus.

Context and framework selection

Prior to becoming a public company, ActiveOps managed its Environmental, Social and Governance impacts through a framework of practices, policies and processes that ensured the business was taking appropriate steps in these important areas. Since the IPO, the Board has put in place a more formal framework in line with ESG reporting requirements, enabling a more structured approach to be taken.

The Board has established an ESG committee led by Hilary Wright (independent Non-Executive Director) with appropriate representation from within the business. This committee led the work to recommend to the Board a relevant framework and the subsequent development and implementation of appropriate actions, to ensure a robust ESG agenda is in place for the business. The committee has also put in place appropriate reporting structures and developed policies and procedures which support the Company's ESG goal of making a positive impact for our employees, customers and wider stakeholders to deliver our strategic vision.

The Committee reviewed six well recognised reporting frameworks to ascertain the best fit for ActiveOps. These frameworks were selected based on the Group's own research and input from advisors and investors. Three frameworks were shortlisted for further review:

- UN Sustainable Development Goals
- Taskforce for climate related disclosures (TCFD)
- Global Reporting Initiative (GRI)

These frameworks were reviewed by the ESG Committee with consideration as to whether the frameworks were appropriate for the industry and sector that ActiveOps operates in, whether the framework listed specific measures or provided more general guidance, and the stakeholders that might be impacted by the selection of a specific framework. The output of this review was cross referenced to the frameworks selected by other peer group companies, with input from some shareholders, professional advisors and research analysts. The Committee determined that the Global Reporting Initiative (GRI) was an appropriate framework to be used for ActiveOps on the basis that it was the most widely used standard for reporting on ESG impact globally and had been developed over many years with multiple stakeholder contributions. GRI Standards aim to meet the information needs of all stakeholders, and the modular structure supports both comprehensive reports and selected disclosures. The framework is industry agnostic and, given the breadth of coverage across Environmental, Social and Governance areas, enables ActiveOps to identify relevant material items to focus on. It was also recognised by shareholders and professional advisors as being the most relevant for ActiveOps. The ESG committee (on behalf of Group employees) determined the GRI as the framework to deliver ongoing value and guidance in the development of the organisation.

The GRI framework is comprised of three core standards and 33 individual standards broken down between Environmental (eight standards), Social (18 standards) and Economic & Governance (seven standards) as noted below:

- Universal standards:
    - GR101 – Foundation: Starting point for using the GRI standards
    - GR102 – General disclosures: to report contextual information about the organisation
    - GR103 – Management approach: to report the management approach for each material topic
- Topic specific standards (specific disclosures selected for each material topic):
    - GRI 200 – Economic
    - GRI 300 – Environmental
    - GRI 400 - Social

The ESG committee evaluated the standard reporting requirements in the GRI 100 series along with all 33 standards under GRI 200, GRI 300 and GRI 400 and identified six material areas as noted below, for the first phase of review completed in the year to March 2022. A further 11 standards were identified as applicable with a medium or low impact for the Group, with these standards to be evaluated in subsequent periods.

OVERVIEW OF THE SET OF GRI STANDARDS

Environmental (planet)

The Group recognises that its activities should be carried out in an environmentally responsible manner where possible. We aim to ensure that we can grow sustainably minimising the environmental impacts of not just of our products, but also in how we operate as a business.

As a supplier of software solutions, we have no manufacturing facilities and our premises exclusively comprise office space. The Group actively minimises waste and has adopted recycling policies, for example in respect of our paper consumption, as well as ensuring energy usage is efficiently managed both inside and outside of office opening hours.

As a Group we are committed to proactively reducing our carbon footprint and have put in place measures to assess the current position of the business.

The two biggest contributors to ActiveOps own carbon footprint are data centres and travel. Our data centre provider, Microsoft Azure, is carbon neutral as well as offering world class levels of security and service at a competitive price as part of the Group's gold partner relationship with Microsoft.

Travel to meet customers and to enable effective collaboration is an important part of the Group's operations. During the Covid-19 pandemic travel reduced to negligible levels. As travel restrictions have eased the levels of travel have increased, however the overall levels of travel are lower than pre-pandemic levels, with most implementations being carried out remotely, lower levels of daily commuting to the office and lower levels of inter-office travel. The Group has also moved its travel management to a system which provides real time tracking of CO2 emissions for all travel, not just flights. The system is required to be used for travel and accommodation bookings across the company, so that the Group can measure and manage the CO2 impact of its travel patterns.

Within the Global Reporting initiative, ActiveOps has identified four environmental standards which are relevant to the business, including the reporting of energy usage. We have introduced procedures to measure the Group's Carbon Dioxide equivalent (CO2) emissions for those activities which make a material contribution. Scope 1 & 2 emissions are calculated using data from our offices across the world, reflecting how we heat and cool our offices along with the electricity we use. Scope 3 emissions are predominantly from travel, hotel stays, data centre energy use and outsourced support and activities by key suppliers.

GRI 302 – Energy consumption

Scope	Emissions in (Tonnes CO_2)	Emissions in (kWh)	% of total	CO_2/FTE	kWh/FTE
Scope 2 – Indirect emissions from purchased electricity in our offices[1,2]	10,664	45,741	4%	57	244
Scope 3 – Other indirect emissions, primarily travel and hotel stays	229,010	982,285	96%	1,231	5,280
Total	**239,674**	**1,028,026**	**100%**	**1,289**	**5,525**

1 Calculated based on electricity consumption where available converted to CO_2 or cost incurred and converted to kWh at a rate of 0.23 kWh/Tonne CO_2.

2 Hosting facilities are provided on the Microsoft Azure platform which is a 100% carbon neutral platform – no CO_2 consumption has therefore been included.

Source https://azure.microsoft.com/en-gb/global-infrastructure/sustainability/#resources

ActiveOps recognises that the first step to being able to reduce consumption is the ability to measure current CO2 consumption. The Group will use FY22 and FY23 data to establish a baseline for the Group's consumption of CO2. Once captured, this data will enable targets to be set for reduction and mitigation of CO_2 emissions and action plans to deliver those targets and move towards net-neutral carbon footprint.

The Group also evaluated all other areas covered by GRI 300 and concluded that they were either not applicable or the impact was not material.

Social (community and people)

The success of our business is founded in our people and our culture – the way we think, behave and act towards each other. Our culture is underpinned by our values – 'global', 'expert', 'authentic' and 'collaborative', which support our vision of simplifying the running of operations and reflect what the company stands for. We celebrate these values by recognising role models in the business and rewarding behaviours that are aligned with our values.

Our product professionalises and develops valuable and transferable skills and use of our products enhances the working environment for our customers, reducing stress and improving wellbeing. The transition to hybrid working patterns for many has heightened the need for effective support in managing work, which is provided by the solutions we deliver to our customers.

We are committed to giving back through engaging in charitable and volunteer efforts within our local communities to enable individuals to flourish through learning. We support our people to contribute one day per year to educational volunteer programmes by sharing their knowledge, experience and enthusiasm. Over the last year we have engaged with Brighter Tomorrow in Dallas, a charity whose primary goal is to provide emergency safe shelter, where survivors of domestic violence and sexual assault can begin healing. ActiveOps has put together several donation drives, including 'PJs and Popcorn' donating 200 pairs of pyjamas, and 'I Wish' donating toiletries, bedding, and cleaning supplies, to prepare their clients to move on with the next phase of a more independent future. ActiveOps employees volunteered their time to help Brighter Tomorrows assemble much-needed beds for incoming clients. In the UK we have provided IT expertise and support to SOFEA, a charity which provide education, employability and wellbeing programmes for vulnerable youngsters. The Group also provided support to the families of employees in India and Africa during periods when Covid-19 was having a significant impact.

The Group is committed to diversity and inclusion ("D&I") across gender, sexual orientation, marital status, race, colour, nationality, ethnic or national origin, education, religion, age and disability. It underpins the results we achieve, our relevance across regions and cultures, and drives innovation and long-term sustainability. In order to further progress diversity the Group has implemented processes to capture the diversity of the organisation to give an accurate picture of the diversity in the business. The ActiveOps "Change Group" provides a forum for representatives from all areas of the business to have input to proposed changes within the business and updates to policies and practices which affect our customers and people.

An annual employee engagement survey seeks employee views on the diversity, inclusivity and culture of ActiveOps as well as other aspects of the business. The 2022 survey had a high completion level of 81% (FY21: 65%) and maintained a high overall engagement score of 4.0 (2021: – 4.1) out of 5, with functional and regional action plans developed to further enhance engagement across teams.

Developing our people is important to the success of the Group with training offered in support of this. ActiveOps rolled out a Global LinkedIn learning platform in January 2021 which is available to all employees with appropriate courses suggested for individuals to complete. In the first four months since launch a total of 146 modules had been completed by 95 (49%) of team members. ActiveOps has also implemented a comprehensive information security and data protection training and assessment programme. This programme forms part of the induction for new joiners and all employees undergo an annual refresher. Our most recent programme featured data protection awareness including (GDPR (EU/UK) and HIPAA (US Healthcare privacy laws)), avoiding dangerous attachments and phishing attacks, data loss prevention, and working safely from different locations. Employees and associates confirm and attest to their understanding of company policies on information security, data protection as well as general organisation policies available in the ActiveOps Employee Handbook.

To further enhance the existing benefits available to employees, ActiveOps launched a Global Share Purchase Plan in January 2021 which enables employees to purchase ActiveOps shares directly from their salary, with ActiveOps matching each share purchased with a free share after a three-year period (up to a maximum amount).

The impacts of the Covid-19 pandemic have had a significant impact on our customers and employees. Through the pandemic the Group has increased the number of employees from 170 to 194 with increases predominantly in the UK and USA. To enable a more flexible working place and to reflect the changes in working practices as a result of the pandemic, ActiveOps has introduced a flexible "Ways of Working" policy that enables all employees to work either from home or an office environment. The Ways of Working policy recognises the importance and value of collaboration as well as flexibility and encourages all team members to collaborate effectively through regular gatherings in our different jurisdictions.

The Group will continue to look at ways of further supporting our team members and to increase the diversity of the business, with a number of areas being developed in the upcoming year.

Within the GRI framework, ActiveOps has identified the relevant standards that will help drive the people agenda for ActiveOps. These standards will further promote the diversity that we enjoy across the employee base. The following data forms the basis of the GRI reporting in this area:

GRI 401 & 405

Gender	Women		Men	
	2021	2022	2021	2022
Existing Workforce	38%	36%	62%	64%
New Hires	43%	27%	57%	73%
Leavers	31%	26%	69%	74%
Governance Board	25%	33%	75%	67%
Managers	39%	37%	61%	63%
Employees	38%	37%	62%	63%

Age	Less than 30 years old		30 – 50 years		Over 50 years old	
	2021	2022	2021	2022	2021	2022
Existing Workforce	19%	17%	60%	65%	21%	18%
New Hires	24%	24%	66%	65%	10%	11%
Leavers	12%	15%	44%	50%	44%	35%
Governance Board	0%	0%	50%	50%	50%	50%
Managers	13%	13%	77%	74%	10%	13%
Employees	22%	19%	57%	64%	21%	17%

GRI 401

ActiveOps is committed to treating its employees equally and has the same benefits available to both full time and part time employees. ActiveOps seeks to ensure that a competitive wage and benefits package appropriate to each jurisdiction is available to all employees with a range of benefits and initiatives in place to support each person.

GRI 405

ActiveOps has a global diversity & inclusion charter and equal opportunities policy which states that we treat all employees and applicants fairly regardless of gender, sexual orientation, marital status, race, colour, nationality, ethnic or national origin, age or disability. We are committed to and proud of having a diverse and inclusive environment which has been central to our success and growth, whilst ensuring our relevance across regions and cultures.

GRI 406

ActiveOps has policies in place that cover the grievance procedure, whistleblowing, anti-harassment and bullying, and an equal opportunities policy is in development.

There have been no incidents of discrimination reported in the period.

Governance

A strong corporate governance foundation is important and the group has adopted the Quoted Companies Alliance (QCA) code which is constructed around ten broad governance principles. Further detail on how we comply with each principle can be found in our Corporate Governance statement.

We carefully consider the Chartered Management Institute Code of Conduct and aim to adopt the highest standards of ethics and conduct and align these with our values, specifically:

- Behaving in an open, honest and trustworthy manner.
- Acting in the best interests of our organisation, customers, clients and/or partners.
- Continually developing and maintaining professional knowledge and competence.
- Creating a positive impact on society.
- Respecting the people with whom we work.

In addition to this alignment, we have reviewed the Global Reporting Initiative standards within GRI 205 and GRI 207 and updated our policies and procedures in the following areas:

- Anti-Bribery & corruption – full risk assessment and formal training to be completed across the group in year-ending March 31st 2023.
- Company Code of conduct aligned to the Chartered Management Institute Code of Conduct and Practice.
- Whistleblowing policy.
- The Groups approach to tax and an anti-evasion tax policy.
- Vendor management policy.

Consolidated statement of profit and loss and other comprehensive income for the year ended 31 March 2022

Year ended 31 March	Notes	**2022** **£000**	2021 £000
Revenue	3	**22,917**	**20,394**
Cost of sales	4	(4,397)	(3,725)
Gross profit		**18,520**	**16,669**
Administrative expense excluding share option charges, depreciation, amortisation and exceptional items		(18,959)	(16,363)
Administrative expenses - share option charges only		(563)	(42)
Administrative expense - depreciation and amortisation only	7-9	(1,009)	(1,104)
Administrative expense - exceptional items only	5	(539)	(927)
Operating loss		**(2,550)**	**(1,767)**
Finance income		3	8
Financing costs		(65)	(289)
Loss before taxation		**(2,612)**	**(2,048)**
Taxation	6	(119)	(743)
Loss for the year from continuing activities		**(2,731)**	**(2,791)**
Profit for the year from discontinued activities, net of tax		-	11,783
Profit / (loss) for the year		**(2,731)**	**8,992**
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translating foreign operations		161	113
Total comprehensive income / (loss) for the year attributable to the owners of the parent Company		**(2,570)**	**9,105**
Basic and diluted earnings / (loss) per share			
Continuing operations		(3.83p)	(4.83p)
Discontinued operations		-	20.37p
Total		**3.83p**	**15.54p**

The earnings per share for the year ended 31 March 2021 were misstated in the 2021 annual report and accounts as being a loss of (3.91p) per

share from continuing operations and a profit of 16.52p per share on discontinued operations. This calculation was incorrectly based upon the year end number of shares in issue, rather than the weighted average shares in issue during the year.

The number of shares in issue at 31 March 2021 were 71,320,680. The weighted average number of shares in issue for the year ended 31 March 2021 was 57,840,821. Using the weighted average number of shares in issue for the year ended 31 March 2021 the loss from continuing operations is restated to be (4.83p) per share and the profit from discontinued operations is restated to be 20.37p per share.

Consolidated statement of financial position
at 31 March 2022

At 31 March	Notes	**2022** **£000**	2021 £000
Non-current assets			
Intangible assets	7	5,461	5,655
Property, plant and equipment	8	199	241
Right-of-use assets	9	564	736
Deferred tax assets		270	296
Total non-current assets		**6,494**	6,928
Current assets			
Trade and other receivables	10	3,754	5,836
Corporation tax recoverable		-	54
Cash and cash equivalents		13,753	16,617
Total current assets		17,507	22,507
Total assets		24,001	**29,435**
Equity			
Share capital		71	71
Share premium account		6,444	6,430
Share option reserve		566	4
Foreign exchange reserve		(43)	(204)
Retained earnings		1,480	4,210
Total equity		**8,518**	10,511
Non-Current liabilities			
Lease liabilities	9	501	655
Provisions		97	89
Deferred tax liabilities		1,049	1,210
Total non-current liabilities		**1,647**	1,954
Current liabilities			
Trade and other payables	11	13,697	16,808
Lease liability	9	139	162
Total current liabilities		**13,836**	16,970
Total equity and liabilities		**24,001**	**29,435**

Consolidated statement of cash flows
for the year ended 31 March 2022

Year ended 31 March	Notes	**2022** **£000**	2021 £000
Profit / (loss) after tax		**(2,731)**	**8,992**
Taxation		**119**	745
Finance income		**(3)**	(8)
Financing costs		**65**	294
Operating profit / (loss)		**(2,550)**	**10,023**
Adjustments for:			
Depreciation property, plant and equipment	8	**144**	203
Depreciation right-of-use asset	9	**165**	242
Amortisation of intangible assets	7	**700**	744
Profit on sale of discontinued operations		**-**	(10,269)
Share option charge		**563**	42
(Profit) / loss on disposal of non-current assets		**-**	(3)
Direct costs incurred on sale of subsidiary		**-**	(469)
Change in trade and other receivables		**2,082**	(97)
Change in trade and other payables	11	**(3,111)**	4,342
Cash from operations		**(2,007)**	**4,578**
Interest paid		**(65)**	(294)
Taxation paid		**(184)**	(253)
Net cash generated from operating activities		**(2,256)**	**4,211**
Investing activities			
Purchase of property, plant and equipment	8	**(96)**	(68)
Purchase of software	7	**(364)**	(30)
Interest received		**3**	8
Sale of subsidiary (net of cash included in disposal)		**-**	14,654
Net cash generated from / (used in) investing activities		**(457)**	**14,564**
Financing activities			
Proceeds from issue of shares		**(14)**	1,727
Repayment of related party loans		**-**	(999)
Repayment of lease liabilities		**(184)**	(250)
(Repayment) / proceeds of bank borrowings		**-**	(6,340)
Net cash (used in) / generated from financing activities		**(198)**	**(5,862)**
Net change in cash and cash equivalents		**(2,911)**	12,913
Cash and cash equivalents at beginning of the year		**16,617**	4,093
Effect of foreign exchange on cash and cash equivalents		**47**	(389)
Cash and cash equivalents at end of the year		**13,753**	**16,617**

Consolidated statement of changes in equity
for the year ended 31 March 2022

Year ended 31 March	Share capital £000	Share premium £000	Share option reserve £000	Foreign exchange reserve £000	Retained earnings £000	Total £000
At 1 April 2020	**19**	**4,755**	**221**	**(317)**	**(5,041)**	**(363)**
Loss for the year	-	-	-	-	8,992	8,992
Exchange differences on translating foreign operations	-	-	-	113	-	113
Total comprehensive loss for the year	**-**	**-**	**-**	**113**	**8,992**	**9,105**
Transactions with owners, recorded directly in equity						
Reserve transfer on exercising of share options	-	-	(259)	-	259	-
Share based payment charge	-	-	42	-	-	42
Bonus issue of shares	39	(39)	-	-	-	-
Issue of shares	13	1,714	-	-	-	1,727
Total transactions with owners	**52**	**1,675**	**(217)**	**-**	**259**	**1,769**
At 31 March 2021	**71**	**6,430**	**4**	**(204)**	**4,210**	**10,511**

Year ended 31 March	Share capital £000	Share premium £000	Share option reserve £000	Foreign exchange reserve £000	Retained earnings £000	Total £000
At 1 April 2021	**71**	**6,430**	**4**	**(204)**	**4,210**	**10,511**
Profit for the year	-	-	-	-	(2,731)	(2,731)
Exchange differences on translating foreign operations	-	-	-	161	-	161
Total comprehensive income for the year	**-**	**-**	**-**	**161**	**(2,731)**	**(2,570)**
Transactions with owners, recorded directly in equity						
Reserve transfer on exercising of share options	-	-	(1)	-	1	-
Share based payment charge	-	-	563	-	-	563
Issue of shares	-	14	-	-	-	14
Total transactions with owners	**-**	**14**	**562**	**-**	**1**	**577**
At 31 March 2022	**71**	**6,444**	**566**	**(43)**	**1,480**	**8,518**

Notes forming part of the financial statements for the year ended 31 March 2022

1. General information

ActiveOps plc (the 'Company') is a public company limited by shares incorporated in England and Wales. The registered office and principal place of business is One Valpy, 20 Valpy Street, Reading, Berkshire, RG1 1AR. On the 17 March 2021 the company became a public limited company, having formerly been known as ActiveOps Ltd.

The Company, together with its subsidiary undertakings (the 'Group') is principally engaged in the provision of hosted operations management Software as a Service ('SaaS') solutions to industry leading companies around the world.

The preliminary financial information presented in this report is unaudited and has been prepared in accordance with the recognition and measurement principles of International Accounting Standards in conformity with the requirements of the Companies Act 2006 set out in the Group accounts for the years ended 31 March 2021 and 31 March 2022, and does not contain all the information to be disclosed in financial statements prepared in accordance with IFRS.

The figures for the year ended and as at 31 March 2022 are unaudited. The figures relating to 31 March 2021 have been extracted from the statutory accounts for that year. The statutory accounts for the year ended 31 March 2022 have yet to be delivered to the Registrar of Companies and have been prepared in accordance with UK-adopted International Accounting Standards. The preliminary financial information does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006, and does not contain all the information required to be disclosed in a full set of IFRS financial statements.

Statutory accounts for the year ended 31 March 2022 will be delivered to the Registrar of Companies and sent to Shareholders in due course.

Statutory accounts for the year ended 31 March 2021 have been filed with the Registrar of Companies. The auditor's report on those accounts was unqualified and did not include reference to any matters to which the auditor drew attention by way of emphasis without qualifying the report and did not contain a statement under section 498(2) and (3) of the Companies Act 2006.

2. Accounting policies

a) Basis of preparation

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements of the Group have been prepared on a going concern basis and in accordance with International Accounting Standards ('IAS') in conformity with the requirements of the Companies Act 2006.

The preparation of financial statements in compliance with IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 3.

b) Going Concern

The Directors have a reasonable expectation that there are no material uncertainties that cast significant doubt about the Group's ability to continue in operation and meet its liabilities as they fall due for the foreseeable future, being a period of at least 12 months from the date of approval of the financial statements.

Whilst there can be no certainty due to the conditions across the world at present, the Directors have reviewed cash flow forecasts for the business covering a period of at least 12 months from the date of approval of the financial statements, and together with the projected revenue and available cash reserves, they are confident that sufficient funding is available to support ongoing trading activity and investment plans for the business. The financial statements have therefore been prepared on a going concern basis.

c) New accounting standards and interpretations not yet mandatory or early adopted

Accounting Standards that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 31 March 2022. The Group has not yet assessed the impact of these new or amended accounting standards and interpretations.

d) Revenue

The Group sells SaaS solutions and Training & Implementation ('T&I').

SaaS solutions are sold as both a cloud IT environment or as an on-premise solution which can be hosted within a customer's server. Alongside the software, the Group provides ongoing management services contracts which involves ongoing support of the software. This support is typically achieved by accessing the software to ensure it is operating efficiently and to make changes as requested by the customer. The licence and associated management services contract are considered to be a single performance obligation because although the customer obtains possession of the software, they are unable to benefit from the software solution without the associated management services.

T&I relates to implementation of the SaaS solution and training in the Group's methodology on how to use the solution to the best effect. This is typically delivered at the start of a new customer relationship, or when a customer expands the use of the Group's software into other parts of their business. Ad-hoc training is also provided to existing customers. T&I is a single performance obligation.

SaaS performance obligations are provided under fixed-price contracts, which is mainly contracted as a fixed price for a period of time for up to a contractual number of users, but also can be achieved via a price per user, where the number of actual users is determined in arrears. SaaS contracts are typically for a period of one year. Where the number of users is determined in arrears, a best estimate of the expected revenue is accrued each month based upon recent usage.

SaaS solutions, both hosted and on-premise, are recognised on a straight-line basis over the length of the contract during which the customer has daily access to these services.

T&I services are recognised over time based upon the delivery of the service. Variable and contingent consideration exists in T&I revenues for some customers typically dependent on the customer achieving a level of efficiency due to the purchase of the Group's software and methods. Management agrees with the customer the expected amount of productivity gain and the associated contingent revenue with the customer at the outset of the contract, based upon an initial health check of the customers operations. Management considers the likelihood of the efficiency being achieved given what is discovered in the initial health check and past performance of the Group's products with other customers, and if the gain is considered to be probable the variable revenue is recognised alongside the non-variable T&I revenue. If the gain is not initially thought to be probable, then the revenue is only recognised once the efficiency improvements demonstrate that the targets are likely to be achieved.

At present this isn't a significant judgement as it applies to a relatively small amount of revenues and the efficiency targets have, historically, been achieved.

Revenue has been allocated between performance obligations using stand-alone selling prices. Most sales are only for one performance obligation, as customers who remain with the Group over many years do not usually require additional T&I. Equally T&I is sold at daily rates that are comparable to third party training providers who run management courses or similar for organisations that are comparable to the broad customer base of the Group. Any non-trivial variation from the total cost of a sale of both performance obligations when compared to standalone prices and external providers prices are applied on a pro rata basis to the agreed sales price with the customer to determine the split between the two performance obligations.

The IFRS 15 practical expedient that an entity need not adjust the promised amount of consideration for the effects of a significant financing component if the entity expects, at contract inception, that the period between when the entity transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less has been applied. That an entity may recognise the incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the asset that the entity otherwise would have recognised is one year or less has also been applied.

No financing cost has been considered to be part of the revenue due to the duration of the performance obligations lasting for one year or less. Warranty fixes are provided as required within the agreed services of the SaaS solutions performance obligations. These are assurance-type warranties (i.e. a product guarantee) and so are not separate performance obligations.

In the case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Group exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised. Contract assets and liabilities are recognised within 'prepayments and accrued income' and 'accruals and deferred income' respectively.

e) Basis of consolidation

Subsidiaries are entities controlled by the Group. The Group controls a subsidiary when it is exposed to, or has rights to, variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. In assessing control, the Group takes into consideration potential voting rights. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Intra-Group balances and transactions, and any unrealised income and expenses arising from intra-Group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

f) Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Statement of Comprehensive Income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's

presentational currency, sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the period where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

Exchange differences arising from this translation of foreign operations are reported as an item of other comprehensive income and accumulated in the translation reserve or non-controlling interest, as the case may be. When a foreign operation is disposed of, such that control, joint control or significant influence (as the case may be) is lost, the entire accumulated amount in the translation reserve, net of amounts previously attributed to non-controlling interests, is recycled to the Statement of Comprehensive Income as part of the gain or loss on disposal.

g) Classification of instruments issued by the Group

Instruments issued by the Group are treated as equity (i.e., forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- They include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and
- Where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the items are classified as a financial liability.

Finance payments associated with financial liabilities are dealt with as part of finance expenses. Finance payments associated with financial instruments that are classified in equity are dividends and are recorded directly in equity.

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy.

h) Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

A. Financial Assets

Classification and initial measurement of financial assets

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost

- fair value through profit or loss ('FVTPL')
- fair value through other comprehensive income ('FVOCI').

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement of financial assets

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Impairment of financial assets

IFRS 9’s impairment requirements use forward-looking information to recognise expected credit losses – the ‘expected credit loss (ECL) model’.

The Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, and reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- Financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (‘Stage 1’); and
- Financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (‘Stage 2’).

‘Stage 3’ would cover financial assets that have objective evidence of impairment at the reporting date.

‘12-month expected credit losses’ are recognised for the first category while ‘lifetime expected credit losses’ are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables

The Group makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses.

The Group does not have a history of material credit losses on its trade receivables and no change to this is expected when considering forward-looking information.

B. Financial Liabilities

Classification and measurement of financial liabilities

The Group's financial liabilities include interest-bearing loans and borrowings and trade payables and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

i) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to administrative expenses in the Statement of Comprehensive Income. The principal annual rates used for this purpose are:

- Leasehold improvements - straight line over 3 years;
- Plant and machinery - straight line over 3 years;
- Furniture, fittings and equipment - straight line over 5 years;
- Right-of-use assets - straight line over the earlier of useful life of the right-of-use asset or the lease term.

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

j) Leases

The Group has applied IFRS 16 throughout the financial statements. At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group recognises a Right-of-use (ROU) asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to restore the underlying asset, less any lease incentives received.

The ROU asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. In addition, the ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liabilities. Depreciation is charged to administrative expenses in the Statement of Comprehensive Income.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the ROU asset or is recorded in profit or loss if the carrying value of the ROU asset has been reduced to zero.

The Group presents ROU assets and lease liabilities separately from property, plant and equipment.

Short-term leases and low value assets

The Group has elected not to recognise ROU assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term. There are several property leases in the Group on a one-month rolling contract. These are treated as short-life assets and are recognised on a straight-line basis.

k) Intangible assets and goodwill

Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units ('CGU') and is not amortised but is tested annually for impairment.

Other intangible assets

Expenditure on internally generated goodwill and brands is recognised in the Statement of Comprehensive Income as an expense as incurred.

The Group invests on a continual basis in the development of software for sale to third parties. There is a continual process of enhancements to and expansion of the software with judgement required in assessing whether the development costs meet the criteria for capitalisation. In making this judgement, the Group evaluates, amongst other factors, whether there are future economic benefits beyond the current period and management's ability to measure reliably the expenditure attributable to the project. Judgement is therefore required in determining the practice for capitalising development costs. During the year the group has capitalised development costs of £0.4m associated with the delivery of new features to the ControliQ platform that are expected to further enhance the proposition for the customer and drive future economic benefit. The amount capitalised has been based on estimates of the time spent by individual developers on these new features. The costs are amortised using the straight-line method from the launch of the product over the expected life cycle of the enhancements which is expected to be five years. In line with prior years the group has not capitalised costs of £1.0m associated with the ongoing maintenance of ControliQ and completion of the ControliQ platform rewrite. Where the rewrite has delivered an improvement in the underlying architecture of the code base which is therefore expected to make it easier to work with in the future and consequently some economic benefit, it has not been possible to separately identify the amount of time and cost involved in simplifying the underlying architecture due to both of these elements being intertwined in the code.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged to the administrative expenses in the Statement of Comprehensive Income on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. The Group has no assets with indefinite lives, other than Goodwill, throughout the reporting periods.

Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- Customer relationships - straight line over 10 years.
- Purchased software - straight line over 3 years.
- Intellectual property rights acquired on acquisition - straight line over 3 years.
- Development costs – straight line over 5 years.

The estimated useful lives are estimated based upon management's best estimate of the expected life of the asset. Useful lives are reconsidered if circumstances relating to the asset change or if there is an indication that the initial estimate requires revision.

l) Impairment

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the Statement of Comprehensive Income.

Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. 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 the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in the Statement of Comprehensive Income. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

m) Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the Statement of Comprehensive Income in the periods during which services are rendered by employees.

Short term employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are rendered.

Termination benefits

Termination benefits are recognised immediately as an expense when the Group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

n) Share based payments

Employees of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments, known as equity settled transactions.

The Group records compensation expense for all share-based compensation awards based on the grant date fair value, as adjusted for estimated forfeitures over the requisite service period of the award. The fair value determined on the grant date is expensed on a straight-line basis over the term of the grant. A corresponding adjustment is made to equity.

Modifications and cancellations

When the terms and conditions of equity settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms is determined. Any excess of the modified fair value is recognised over the remaining vesting period in addition to the original grant date fair value. The share-based payment is not adjusted if the modified fair value is less than the original grant date fair value.

Cancellations or settlements, including those resulting from employee redundancies, are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

Valuation and Amortisation Method

The Company estimates the fair value of stock options granted using the Black-Scholes option pricing formula or a Monte Carlo simulation.

Provision is made for National Insurance Contributions (NICs) on outstanding share options that are expected to be settled based upon the latest enacted NIC rates.

o) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and deposits held at call with banks.

p) Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, which can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

q) Net financing costs

Financing expenses comprise interest payable and finance charges on finance leases recognised in the Statement of Comprehensive Income using the effective interest method. Financing income comprise bank interest receivable.

Interest income and interest payable is recognised in the Statement of Comprehensive Income as it accrues, using the effective interest method.

r) Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ('CODM'). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors of ActiveOps plc.

The Group will provide information to the CODM on the basis of products and services, being SaaS and T&I services. The CODM receives information for these two segments down to gross margin level.

s) Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

t) Reserves

Share capital

Share capital represents the nominal value of shares that have been issued.

Share premium account

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Profit or loss reserves

Retained earnings includes all current and prior period retained profits and losses.

Share option reserve

The share option reserve is used to recognise the grant date fair value of options issued to employees but not exercised.

Foreign exchange reserve

The foreign exchange reserve includes all cumulative translation differences on conversion of the Group's foreign operations from their functional currencies to its presentation currency of sterling.

Events after the balance sheet date

Subsequent to the year end a claim for £0.4m has been made by an employee, against ActiveOps USA Inc. The company is investigating the claim and currently sees no merit in the basis for the claim.

3. Revenue

The Group derives all its revenue from the transfer of goods and services over time.

A disaggregated geographical split of revenue by operating segment is shown below between Europe, the Middle East, India and Africa ('EMEIA'), North America and Australia. All revenue streams are recognised over time.

Year ended 31 March 2022	SaaS £000	T&I £000	Total £000
EMEIA	10,155	2,297	12,452
North America	5,147	288	5,435
Australia	4,262	768	5,030
	19,564	3,353	22,917

Year ended 31 March 2021	SaaS £000	T&I £000	Total £000
EMEIA	9,295	1,671	10,966
North America	4,283	498	4,781
Australia	4,216	431	4,647
	17,794	**2,600**	**20,394**

4. Segmental analysis

The Group has two reporting segments, being SaaS and T&I. The Group focuses its internal management reporting predominantly on revenue and cost of sales. No non-GAAP reporting measures are monitored. Total assets and liabilities are not provided to the CODM in the Group's internal management reporting by segment and therefore a split has not been presented below. Information about geographical revenue by segment is disclosed in note 3.

No individual customer accounted for 10% or more of turnover during the reporting period.

Year ended 31 March 2022	SaaS £000	T&I £000	Total £000
Revenue	19,564	3,353	22,917
Cost of sales	(2,974)	(1,423)	(4,397)
	16,590	**1,930**	**18,520**

Year ended 31 March 2021	SaaS £000	T&I £000	Total £000
Revenue	17,794	2,600	20,394
Cost of sales	(2,364)	(1,361)	(3,725)
	15,430	**1,239**	**16,669**

5. Exceptional items

Year ended 31 March	**2022** **£000**	2021 £000
Costs associated with M&A aborted activity	539	-
Costs associated with listing on the London Stock Exchange	-	927

The above costs are fees paid to various external advisors. No internal costs have been included.

6. Taxation

Year ended 31 March	**2022** **£000**	2021 £000
Current income tax		
Foreign current tax on profit for the current period	214	211
Foreign current tax on profit for the prior period	28	105
Deferred tax		
Origination and reversal of timing differences	(128)	473
Adjustments in respect of prior periods	-	(53)
Effect of decrease tax rate on opening deferred tax position	5	7
Total tax charge / (credit)	119	**743**

Year ended 31 March	**2022** **£000**	2021 £000
Loss before tax	(2,612)	(2,048)
Tax at domestic rate of 19% (2021: 19%)	(496)	(389)
Effect of:		
Expenses that are not deductible in determining taxable profit	(19)	245
Income not subject to taxation	-	(7)
Differences in current and deferred tax rates	5	7
Exercising of share options and movement in share option provisions	-	(2,073)
Deferred tax not recognised	494	2,833
Withholding taxes	4	54
Adjustment in respect of prior periods	27	52
Effect of other tax rates	104	21
Total tax charge / (credit)	**119**	**743**

At 31 March 2022 the Company and its Group had tax losses of approximately £19.2m (2021: £18.4m) to carry forward to offset against future taxable profits.

7. Intangible assets

	Goodwill	Customer relationships	Purchased software	Intellectual property rights	Capitalisation of development costs	Total
	£000	£000	£000	£000	£000	£000
Cost						
At 1 April 2020	2,269	10,929	870	125	-	14,193
Foreign exchange	(113)	(431)	(55)	-	-	(599)
Additions	-	-	30	-	-	30
Disposals	(1,028)	(4,288)	-	-	-	(5,316)
At 31 March 2021	**1,128**	**6,210**	**845**	**125**	-	**8,308**
Foreign exchange	26	79	22	-	-	127
Additions	-	-	-	-	364	364
At 31 March 2022	**1,154**	**6,289**	**867**	**125**	**364**	**8,799**
Amortisation						
At 1 April 2020	-	1,820	369	125	-	2,314
Foreign exchange	-	(30)	(4)	-	-	(34)
Charge for the year	-	693	51	-	-	744
Disposals	-	(371)	-	-	-	(371)
At 31 March 2021	**-**	**2,112**	**416**	**125**	-	**2,653**
Foreign exchange	-	7	(22)	-	-	(15)
Charge for the year	-	614	86	-	-	700
At 31 March 2022	**-**	**2,733**	**480**	**125**	-	**3,338**
Net book value						
At 31 March 2022	**1,154**	**3,556**	**387**	**-**	**364**	**5,461**
At 31 March 2021	**1,128**	**4,098**	**429**	**-**	**-**	**5,655**

All amortisation and impairment charges are included within depreciation and amortisation in the Statement of Comprehensive Income.

The carrying amount of goodwill relates to two cash generating units and reflects the difference between the fair value of consideration transferred and the fair value of assets and liabilities purchased.

Customer relationships consists of two individual assets: the acquired relationships from the purchase of OpenConnect on the 1 August 2019, which has a netbook value of £1.5M and is being amortised until 31/07/2029; and the acquired relationships from the purchase of ActiveOps Pty Ltd and Active Operations Management Australia on the 1 April 2017, which has a netbook value of £2.1M and is being amortised until 31/03/2027.

Goodwill has been allocated for impairment testing purposes to the following cash generating units. The carrying values are as follows:

	2022	2021
At 31 March	**£000**	£000
Australia	577	577
United States of America	577	551

The Australian goodwill relates to the purchase of ActiveOps Pty Limited and Active Operations Management Australia Pty Ltd on the 1 April 2017. The United States of America goodwill relates to the purchase of OpenConnect on the 1 August 2019. The residual amount relates to the amount retained in ActiveOps USA Inc. on disposal of OpenConnect on 19 October 2020.

The Group tests whether goodwill has suffered any impairment on an annual basis, or more frequently where evidence of impairment indicators exist, by comparing the value of the CGUs with their value in use. Value in use is estimated based on expected future cashflows discounted to present value using a post-tax discount rate that reflects current market assumptions of the time value of money. An impairment charge arises where the carrying value exceeds the value in use.

The inputs into the expected cashflows are based on the most recent forecasts approved and reviewed by the Directors for the next three years based on expected growth within those CGU's over that period.

The key inputs into the cashflow forecast are:

- Revenue growth, based upon managements expected growth in the Group's products. These are determined by understanding the needs of current customers and expected number of license sales pipeline to determine expected future sales volumes. These sales volumes are coupled with the current pricing to determine the forecast revenues. Considerations are also made for customer churn which is based upon current churn rates. T&I revenues are derived from forecast additional SaaS sales using historical customer behaviours as a basis.
- Cost of sales and any other direct costs based upon expected revenues.
- Expected movements in the overhead costs of the business given the need to indirectly service growth in revenue.
- Future capital expenditure and other changes to working capital as required to facilitate the forecast revenue growth.

In determining the potential for impairment of the intangible assets the Group has discounted the cashflows using the three-year plan at 12.3% for the Australian CGU and 12.0% for the United States of America CGU. Management have not identified any reasonably possible changes in any key assumption that would lead to the need for impairment of either CGU.

8. Property, plant and equipment

	Leasehold improvements	Plant and machinery	Fixtures, fittings and equipment	Total
	£000	£000	£000	£000
Cost				
At 1 April 2020	**289**	**268**	**603**	**1,160**
Foreign exchange	(19)	44	3	28
Additions	-	65	3	68
Disposals	(71)	(24)	(58)	(153)
At 31 March 2021	**199**	**353**	**551**	**1,103**
Foreign exchange	(28)	(25)	(101)	(154)
Additions	-	82	14	96
At 31 March 2022	**171**	**410**	**464**	**1,045**
Accumulated depreciation				
At 1 April 2020	209	185	378	772
Foreign exchange	5	10	18	33
Provided during the period	50	76	77	203
Disposals	(71)	(21)	(54)	(146)
At 31 March 2021	**193**	**250**	**419**	**862**
Foreign exchange	(28)	(31)	(101)	(160)
Provided during the period	6	81	57	144
At 31 March 2022	**171**	**300**	**375**	**846**
Carrying amount				
At 31 March 2022	**-**	**110**	**89**	**199**
At 31 March 2021	6	103	132	241

All depreciation and impairment charges are included within depreciation and amortisation in the Statement of Comprehensive Income.

9. Right-of-use assets

	Buildings £000
Net book value	
At 1 April 2020	932
Foreign exchange	5
Additions	128
Disposals	(87)
Depreciation charge for the year	(242)
At 31 March 2021	**736**
Foreign exchange	(7)
Depreciation charge for the year	(165)
At 31 March 2022	**564**

The right-of-use asset relates to the property leases for operating premises across the Group.

Amounts recognised in the statement of financial position:

At 31 March	**2022 £000**	2021 £000
Lease liabilities		
Current	139	162
Non-current	501	655
	640	**817**

Amounts recognised in the statement of profit or loss:

Year ended 31 March	**2022 £000**	2021 £000
Interest expense	45	59
Expense for short-term leased properties	95	29
Depreciation of right-of-use assets	165	242

Amounts recognised in the statement of cashflows:

Year ended 31 March	**2022 £000**	2021 £000
Total cash outflows	324	338

There are several property leases in the Group on a one-month rolling contract. These are treated as short-life assets and are recognised on a straight-line basis.

10. Trade and other receivables

At 31 March	**2022** **£000**	2021 £000
Trade receivables	2,723	3,167
Prepayments and accrued income	953	1,046
Other receivables	78	1,623
	3,754	**5,836**

The Directors consider the carrying value of trade and other receivables to be approximately equal to their fair value.

At 31 March	**2022** **£000**	2021 £000
Trade receivables from contracts with customers	2,770	3,194
Less loss allowance	(47)	(27)
	2,723	**3,167**

Trade receivables are amounts due from customers for services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional. The Group holds the trade receivables with the objective of collecting the contractual cash flows, and so it measures them subsequently at amortised cost using the effective interest method. Details about the group's impairment policies and the calculation of the loss allowance are provided in note 2.

11. Trade and other payables

At 31 March	**2022** **£000**	2021 £000
Trade payables	1,326	689
Other taxation and social security	815	4,524
Other payables	3	101
Accruals and deferred income	11,553	11,494
	13,697	**16,808**

Trade payables are unsecured and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

Included in the prior year other taxation and social security is £3,498k of taxes payable on the share options that exercised as part of the listing of the Company on 29 March 2021. According to the terms of the share options, all option holders had an obligation to reimburse the Group for any taxes that became payable on their options. These proceeds were recovered from the cash generated from the shares being issued and sold into the market. The taxes were paid to the relevant tax authorities in April 2022.