

4th July 2023

ActiveOps Plc

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

Results for the year ended 31 March 2023

ActiveOps plc (AIM: AOM), a leading provider of Management Process Automation (MPA) software for running hybrid and global back-office operations, is pleased to announce its unaudited results for the year ended 31 March 2023.

Financial Highlights:

Year ended 31 March	2023	2022	Change
Annual recurring revenue "ARR" ¹	£22.6m	£20.1m	+13%
Revenue	£25.5m	£22.9m	+11%
Software & Subscription revenue	£22.1m	£19.6m	+13%
Training & implementation "T&I" revenue	£3.4m	£3.4m	-
Gross margin	82%	81%	+1ppt
Adjusted EBITDA ²	£0.7m	£(0.3m)	
Profit/(loss) before tax	£(0.2)m	£(2.6)m	
Earnings/(loss) per share on continuing operations	(0.70)p	(3.83)p	
Net cash and cash equivalents	£15.4m	£13.8m	+12%

- ARR Growth of 13% (11% constant currency) above prior year
- Total Revenue growth of 11% driven primarily by increased recurring SaaS revenues
- Gross Margins remain healthy at 82%, (2022: 81%) supported by improved T&I margins
- Adjusted EBITDA moves to profitability at £0.7m (2022 Loss: £0.3m), ahead of management expectations, reflecting operational leverage in the business and forex gain of £0.7m (FY22: £0.3m)
- Strong EBITDA cash conversion of 505% (2022: 673%) arising from annual-in-advance billing
- Balance sheet remains strong with £15.4m cash (2022: £13.8m) being approximately 26% of the Company's current market capitalisation and no debt

Operational Highlights

- Significant expansion of existing customer relationships resulting in Net Revenue Retention (NRR) of 110% (2022: 102%)
- 20% increase in ARR from the ten largest customers. 60% of customers globally increased ARR, including 28% who increased ARR by 20% or more
- Added new customers in each of our three regional business units
- Double digit SaaS revenue growth in each of our regional business units
- New CaseworkiQ product, launched in June 2022, in use by 7 of the 10 largest existing customers, proving its ability to create new opportunities with existing customers
- First enterprise customer using all three ActiveOps software products (ControliQ, WorkiQ and CaseworkiQ), demonstrating considerable up-sell opportunities within the existing customer base

- Currently developing a series of major software enhancements for release in the current financial year utilising Artificial Intelligence (AI) and Machine Learning (ML) to provide customers with new opportunities to optimise operational performance

Outlook

- Trading in the first few months of the year in line with Board expectations, driven by customer expansions and addition of two new customers with significant expansion potential.
- Continued healthy sales pipeline and positive outlook.

Footnote to Financial highlights

The above non-GAAP measures are unaudited

¹ Annual Recurring Revenue

² Adjusted EBITDA is used by management to assess the trading performance of the business. Defined as Operating loss (£0.217m) before depreciation & amortisation (£1.035m), share-based payment charges (£0.027m) and includes FX differences (Loss: £0.181m).

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

“This has been a year of significant progress for ActiveOps, in which we have won new customers across all regions, grown our existing customer accounts, and launched new products which materially expand our addressable market. Importantly, we achieved this alongside accelerating our shift to positive adjusted EBITDA, well ahead of the timeline initially set at the time of our IPO.

Trading in the first few months of the year has been steady, driven by expansions at existing accounts and the addition of two new customers with significant expansion potential. The sales pipeline remains healthy and the progression of sales opportunities is increasingly well supported by our marketing efforts and the significant interest in the new software capabilities we are releasing this year.

In the longer-term, the enhancements we are making in our offering in the areas of Artificial Intelligence (AI) and Machine Learning (ML) are increasing the value of our solutions to our customers. With an extensive customer base, international footprint, and growing offering, we are excited by the long-term potential for ActiveOps.”

For more information, please contact:

ActiveOps

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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 its MPA software products 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 2023, the Group had 179 employees, serving its global customer base of over 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

Introduction

ActiveOps has once again delivered on, or beaten, the commitments laid out at IPO, making steady progress across all areas of the Group in a more typical year, one without the distractions of either an IPO or the management of the COVID pandemic.

With double-digit SaaS revenue growth, a transition to adjusted EBITDA profitability and exciting developments within our core product set, we are firmly delivering on strategy and set to maintain our growth trajectory. While cognisant of the wider macroeconomic environment, we look to the future with confidence.

Financial Performance

Our revenue performance this year has been particularly pleasing, reaching the milestone of £25m, the vast majority of which is recurring revenue. I am pleased that all three regions have continued to perform well. EMEA in particular has delivered a strong sales year, whilst growth was good in both APAC and North America.

The continued improvements in running the business, ranging from the stability of operations, approaches to governance and global finance systems transformation, completed in recent years, have streamlined our approach to running our own back office and a well-managed cost base. This, helped by a positive foreign exchange contribution, has led to profitability and cash generation ahead of our initial expectations. Achieving full year EBITDA profitability reflects the hard work that has been completed by our team. This EBITDA profit coupled with a year-end cash position of £15.4m demonstrates the very firm foundations upon which this business stands.

Overview of the year

The solid ARR growth we have achieved has been delivered by signing new customers and expanding existing customer revenues through continued user growth and up-sell of additional products. This gives us optimism for the coming year and stands us in good stead as we have moved into positive EBITDA.

The investments made into the development of the CaseworkiQ product are delivering results, whilst significant excitement is being generated amongst customers and prospects by our release, later this year, of AI-based enhancements to ControlIQ. We anticipate that we will maintain our current levels of product investment, proportionate to revenue.

The investment in our marketing function, including the appointment of an experienced CMO has led to record attendance by customers at our conferences, which continue to drive excellent levels of customer engagement. The feedback we receive from these events is fed back to our product teams, to help guide our product roadmap. Our new quarterly OpsTracker report has been very well-received, reflecting the unique level of insight it delivers to Operations executives worldwide. There is no doubt that executives managing complex back offices are under greater pressure to deliver ever higher standards which increases the need for operations management excellence. The ActiveOps suite of products is designed to meet these challenges and produce a demonstrable return for our customers.

Governance / Diversity / ESG

ActiveOps has always been proud to be a diverse, global business with a sound governance structures in place. Since our IPO in March 2021 we have adopted a more structured approach to managing and

developing our ESG agenda with the implementation of a formal framework, and ongoing work to embed appropriate policies and practices across the ESG framework into the business.

We use the Global Reporting Initiative (“GRI”) framework to monitor our impact on the environment, the satisfaction, equality and diversity of our staff as well as a clearly-defined and strong corporate governance foundation, based on the Quoted Companies Alliance (“QCA”) code.

Our environmental impact remains small, with data centres and travel remaining as the two main contributors to our carbon footprint. We aim to ensure that the Group can grow sustainably, while minimising the environmental impacts of not just our products, but also in how we operate as a business. We intend to set carbon emissions reduction targets next year, once we have greater data available to us in order to do so in a meaningful manner.

The success of our business is founded in our people and our culture, and we are committed to fostering an environment of diversity and inclusion. Following the success of the annual employee engagement survey that was conducted in FY22 with an overall engagement score of 4.0 out of 5.0, the business conducted a Culture and Diversity and Inclusion survey in FY23 with a response rate of 79% and an overall engagement score of 72% across the business with a breakdown by age, gender and ethnicity. This has created an improved understanding across the business’s different demographics which we can use as a basis for decision-making and helping improve the lives of our employees.

The strong corporate governance foundation we have is hugely important and underpins everything we do from the Board down to our most junior employees. Through the QCA code we have a clearly-defined framework for governing the business that ensures any activity across the Group is done to ensure the betterment of others, whether that be customers, colleagues or charitable partners. This year I am delighted to report on the successful completion of our SOC 2 compliance audit, which only further underscores our commitment to transparency and accountability.

Looking Ahead

My fellow Directors and I feel very positive about the year ahead. After two years of solid progress following our IPO, our focus remains on the continued delivery of our plan, and there remains significant opportunity within our well-defined target market. Whilst Covid-19 has ceased to be a distraction for our customers, the increased appreciation of the need to run data-driven operations is driving greater market interest.

We have an excellent base of customers, many of whom are passionate advocates of the benefits that our products deliver. We continue to add new customers with whom we are developing similarly strong relationships.

We have an experienced sales team, a very stable and effective product set, and new offerings that are generating increased levels of interest. Our customer care and marketing teams are working hard to extend our existing relationships, to add new operations environments and drive additional product usage. We have seen strong improvement in revenues from our existing customer base supported by an account management approach that helps our customers get the best from the products they have bought from us.

While we are aware of differing pressures in the wider economy, in our core financial services sector we see the increased need for cost efficiencies, greater governance and productivity, all representing opportunity for ActiveOps and the products it provides. We believe we are well-placed to further

consolidate our position in the market and continue to deliver value for our customers and shareholders.

I feel the Board formed at IPO has now established a very effective working pattern between the Non-Executive Directors and the Executives of the firm. I wish to particularly thank Hilary Wright and Mike McLaren for their excellent leadership of the Remuneration and Audit committees, respectively. In December 2022 we announced that Paddy Deller would be leaving his role as CFO and in March 2023 we announced Ken Smith as his successor. We feel that Ken's broad commercial experience, on top of his CFO skill, will be a real benefit to the Board and the Company. I would like to sincerely acknowledge Paddy's outstanding track record in the financial leadership of the Group during his seven years as CFO. His dedication and commitment have supported the Group's growth and smooth progression through major corporate events such as our IPO.

We will continue to excite and surprise our customers with the benefits we deliver and the reliability of our software. Our go-to-market function will continue to generate business in our target markets. This consistency of strategy, coupled with our strong cash generation and balance sheet, means we can approach the future with optimism.

Sean Finnan

Non-executive Chair

CEO STATEMENT

This has been a year of significant progress for ActiveOps, in which we have won new customers across all regions, grown our existing customer accounts, and launched new products which materially expand our addressable market.

Importantly, we achieved this alongside accelerating our shift to positive adjusted EBITDA, well ahead of the timeline initially set at IPO.

Our range of software offerings are powering demonstrable levels of return on investment (ROI) for our customers, helping them create tangible efficiencies across their back-office organisations, which in turn provides them with improved resilience through challenging economic times. These ROI metrics combined with the exciting roadmap of new functionality are driving revenue expansion within our customers. We believe we are still very much at the start of that journey.

The consistent rate of new wins we are achieving, the blue-chip nature of our customers, and the stickiness of our software, means we have a consistently-growing, valuable base of high-margin recurring revenue. This provides us with the visibility to invest and remain at the forefront of the growing workforce optimisation market and generate increasing levels of profitability.

Strong financial performance

After another year in which we continued to win new customers and execute our land and expand sales strategy, we achieved a near-record SaaS sales year, with SaaS revenues growing by 13% to £22.1m (FY22: £19.6m), supported by a 13% increase in Annual Recurring Revenue (ARR) at March 2023 to £22.6m (March 2022: £20.1m).

The growth of overall Group revenue by 11% to £25.5m (FY22: £22.9m), underpinned by very low levels of churn, demonstrates the underlying momentum of the business as it continues to deliver its long-term growth ambitions. This notably low churn rate, even by ActiveOps' strong track record of customer retention, can be attributed to the excellent work being done by our customer relationship managers. The Board is confident that the investments we have made in this area of the business will continue to have a positive impact on the overall performance of the Company. ARR from our ten largest customers increased by more than 20%. Across the whole customer base more than a quarter of our customer relationships increased ARR by 20% or more.

T&I revenues of £3.4m (FY22: £3.4m) were particularly strong in the second half of the year, including a record T&I sale to one of our longstanding customers, demonstrating the continued value this area of the business provides. This aspect of our revenue continues to deliver strong gross margin at 63% (FY22: 58%) and continues to be part of our growth strategy as it ensures customers achieve their desired outcomes from deploying our technology and provides opportunities to increase the value delivered over the lifetime of the relationship.

Continuing our year-on-year growth in cash, the business remains well-funded with a closing balance of £15.4m (2022: £13.8m) and no debt, providing a strong base to fund future investment opportunities.

Evolving market opportunity

The current economic climate is creating a very positive environment for our software and services. The practicalities of hybrid-working have seen unprecedented levels of attention to managing productivity, the challenges of managing workload and capacity, and the need for data to inform the operation of complex business processes. The current challenging economic conditions mean organisations are seeking to achieve more with their current or reduced scale of operations, as well as respond quickly to unusual fluctuations in customer demand and behaviour.

Our solutions have a demonstrable track record of delivering rapid, sustainable performance improvements for our customers. Customers typically achieve an initial productivity improvement of 15% or higher, which for an enterprise with 20,000 staff in back-office roles, represents creation of capacity equivalent to 2,600 full-time equivalent (FTE) staff members. Our software also increases agility and resilience of our customers' operations. These capabilities are crucial in the maintenance of exceptional customer service during turbulent periods.

Unlike many of the initiatives that organisations can undertake to increase efficiency and release capacity, deployment of ActiveOps solutions is quick and low-risk as it does not require modification of existing business processes or major technology change. Adoption rates of Management Process Automation technology continue to be relatively low in operations today, meaning many organisations still have this rapid and safe means of efficiency gains available to them.

Awareness of the potential efficiency gains from the implementation of AI is growing and it is a technology we have already been able to successfully incorporate within our product set. Once implemented, our solutions ensure a customer's vast wealth of operations data becomes not only visible, but structured, ready for the application of AI tools either from within our own solutions, or available to other AI applications, underscoring the market leading position of our technologies.

Further to this, the current year will see the launch of our first two Machine Learning (ML) powered capabilities, Smart Planning and Smart Skills, made possible by the wealth of data captured within our systems and our Knowledge Transfer Partnership with Henley Business School. Prototypes of both have been tested with existing customers, which confirms the ability of these features to support further improvements in performance. The incorporation of AI and ML technologies within our technology demonstrates both the skill of our product team and our commitment to innovation and how this materially benefits our customers.

Our experience during the last economic downturn was that demand for our offering increased significantly as organisations sought solutions which offered rapid and sustainable performance improvements. From January 2008 through to December 2010 the number of paying users of our software grew sixfold as we signed major new customers in both APAC and EMEA and landed our first North American customers, which have now expanded to be enterprise scale users.

While we know that our offering resonates in turbulent times, we are also aware of the impact an economic downturn might have on the buying processes of our customers, which will likely become more protracted. However, based on our historical performance, the proven track record of our offering and the growing interest we are seeing across our products, we firmly believe our solutions will play an integral role in helping new and existing customers deal with the challenges posed by an economic downturn.

Software development and innovation

The development of our product offering has continued in line with our stated product road map. The innovations we have made across the product suite will provide customers with increasingly sophisticated tools and cutting-edge technologies. These make managing the growing complexity of the back-office easier, and further differentiate us from our competitors.

As a technology-led organisation we strive, with every improvement we make to our software, to enable our customers to do more with less. The incremental additions made this year were designed to create a stickier, smarter and more intelligent platform, that exposes the value of our data to our customers, in a more accessible and valuable way.

Reflecting the broader market interest in managing work and capacity, we are seeing greater levels of senior manager engagement in the roadmap across our new and existing customer base. This heightened interest in the products we are developing is testament to the work of our development

teams, and the strong relationships that have been built between our customers and relationship managers.

ControliQ

As stated in our product roadmap the team has been focused on delivering our latest enhancement, Smart Planning, which will be made available to ControliQ customers in the second quarter of FY24.

Smart Planning, the first of several Machine Learning (ML) powered capabilities, eliminates the time and thought required by team leaders to build their plans, and increases the accuracy of the plans produced. This leads to further increases in team performance and greater release of team leader time for value adding activities.

Smart Planning will be quickly followed by Smart Skills, a product that will allow for the automatic determination of available skill levels across the back office. This will make it simple to identify training requirements and utilise shared skills across departments. Prototypes of both have been tested with existing customers with positive results. A focus for the first part of the new financial year is making these features ready for go-live.

CaseWorkiQ

Following the successful launch of CaseworkiQ in the first half of the year, we are delighted that 7 of our top 10 customers are now using the product, with a total of 12 customers using or trialling the solution to date. CaseworkiQ already contributed 4% of 31 March 2023 ARR with a growing pipeline of future opportunities.

This year, we also began the process of improving integration between CaseworkiQ and ControliQ which will make it easier for customers to manage operations which are a mixture of transactional and case-based work. This integration will be completed early in the current financial year and gives us the opportunity to accelerate upgrades to the platform in the future.

WorkiQ

This year we commenced development of a cloud-based version of WorkiQ to offer an alternative to the existing on-premise solution which will enable more rapid roll-out, lower cost of ownership and support future integration with other ActiveOps products. The new version will be available to customers in the second half of FY24 and we anticipate it will encourage more ControliQ customers to adopt WorkiQ to take advantage of the additional insight it provides.

Growth of our customer base: land & expand

Our 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. The opportunity for ActiveOps continues to be large due to the scale of operations in these target markets, and we continue to see demand for our products reflected in our growing annual revenue performance.

We made solid progress in the year, securing new logo wins and significant expansion sales across all target regions and sectors, in line with our land and expand growth strategy. We secured six new logo accounts, including two major financial services organisations with significant opportunity for future growth. We have also achieved significant new product upsells in the year. A top 10 existing banking customer and ControliQ user since 2019 added WorkiQ in FY22 and CaseworkiQ this year. This is a primary example of the significant up-sell opportunity offered by our expanded product set.

We were delighted to secure a 3-year combined ControliQ and CaseworkiQ contract win with a major investment management firm, which will lead to both products being rolled out across the customer's

operations in the UK, India and Germany, to increase efficiencies and improve employee and customer experience, by growing the capacity of skilled team members on a global scale.

We saw strong profitable performance across all regions, with double digit growth in SaaS revenues in each.

Sales and Marketing

Our marketing function has developed significantly since Bhavesh Vaghela's appointment as CMO in the first half of the year. The marketing team has been working hard on various projects to raise brand awareness and generate sales leads. Our annual customer conferences held in London and Melbourne were a particular success, attracting record audiences and fantastic engagement between customers, partners and the ActiveOps team. The positive impact of the conferences on deal progression was felt in the second half of the year.

This year, our partnership with Microsoft took another step forwards as ActiveOps was named as one of its top-10 independent software vendors (ISVs) in the UK. This close working relationship has accelerated numerous sales discussions and is creating a growing pipeline of new opportunities.

This year saw the launch of OpsTracker, a quarterly report which utilises the benchmarking data drawn from our anonymised customer data to highlight trends in the performance of operations around the world. This builds on the successful OpsIndex capability which allows our customers to compare their performance against their industry peers. OpsTracker highlights the data and metrics which organisations who do not use ActiveOps solutions are unable to access and the consequent potential to improve business outcomes through optimising operations performance. The OpsTracker reports provide powerful marketing content which we are distributing globally through digital marketing campaigns, helping to grow our sales pipeline, while reinforcing our thought leadership position in our industry.

Focus for the year ahead

Looking to the year ahead, the business has a well-defined and resourced set of priorities to maintain the excellent progress of last year.

We will be continuing our improvement in profitability by maintaining strong control over operating costs and allowing the gross margin on new sales to flow to the bottom line.

We will be focusing on expanding the products used by our existing customers and releasing a steady stream of enhancements, further improving ROI for our customers and the range of issues our software resolves, to increase total revenue and profit for the Group.

We will be capitalising on our investment in marketing to drive new customer acquisition and secure expansion opportunities for the coming years.

Confident Outlook

Trading in the first few months of the year has been in line with the Board's expectations, driven by expansions at existing accounts and the addition of two new customers with significant expansion potential.

Our marketing efforts and the significant interest in the new software capabilities we are releasing this year continue to support the sales pipeline, which remains healthy. This, combined with our proven ability to efficiently invest in the business and grow bottom line profits, provides the Board with confidence in the year ahead.

In the longer-term, the enhancements we are making in our offering in the areas of Artificial Intelligence (AI) and Machine Learning (ML) are increasing the value of our solutions to our customers.

With an extensive customer base, global footprint and an ever expanding offering of cutting edge products, we are excited by the long-term potential for ActiveOps and look to the future with confidence.

Richard Jeffery

Group Chief Executive Officer

CHIEF FINANCIAL OFFICER'S REPORT

I am pleased to report on a robust year for the group with 11% organic revenue growth to £25.5m. With incremental investment lower than in the prior year, the Group is beginning to benefit from the operational leverage in the business model, delivering a positive Adjusted EBITDA for the year.

Annual Recurring Revenue

Annual Recurring Revenue of £22.6m at 31 March 2023 has grown 13% versus the prior year (31 March 2022 £20.1m) as a result of sales to existing customers, and the addition of 6 new customers generating ARR of £0.6m at the year end, with the opportunity to contribute further in FY24. NRR of existing customers improved to 110% (FY22: 102%) with customer logo churn increasing slightly to 5.2% (FY22: 3.8%).

Revenue

Total revenue at £25.5m was 11% ahead of prior year (8% ahead on constant currency), with software and subscription revenues increasing 13% to £22.1m (FY22: £19.6m) arising from both new and existing customers. Revenue growth was strong in all regions with EMEA growing Total Revenues by 12% to £14.0m (FY22: £12.5m), North America by 11% to £6.0m (FY22: £5.4m) and Asia Pacific by 9% to £5.5m (FY22: £5.0m).

Training and Implementation (T&I) revenues have remained flat at £3.4m (FY22: £3.4m) with a significant refresh programme at a major customer demonstrating ongoing customer commitment to keeping their teams' skills refreshed. T&I revenues continue to vary by product and region depending on the mix of customer implementation requirements as well as the timing of implementations dictated by customer plans. T&I revenues in the second half of the year performed strongly following a slow start to the year.

Margins and Operating Profit

Gross margins at 82% (FY22: 81%) have improved marginally primarily due to a higher mix of SaaS revenues versus prior year. SaaS revenue margins have been maintained at 85% (FY22: 85%). Margins for T&I revenues have improved to 63% (FY22: 58%), due to strong T&I sales in high margin jurisdictions and for high margin products.

Operating expenses (excluding share-based payments, depreciation, amortisation and exceptional items) increased to £19.9m (FY22: £19.0m) following our increased investment in people in the previous year adding a full year of cost. Whilst investment will continue to support growth, the rate of required investment has slowed versus prior years and the business has started to see the benefits of the operational leverage inherent in the business model. The North America region has seen a reduction in operating costs following a move to a more focussed, Enterprise customer strategy. The Group has also benefitted from positive movements on foreign exchange balances held in the company's bank accounts and other balance sheet items which has benefitted operating costs by £0.7m (FY22: £0.3m) in the year.

Following the expansion of the Group's R&D capabilities in prior years, the team has focussed on enhancing ControlIQ and CaseworkIQ, adding new features which exploit AI and Machine Learning technology. The Group capitalised internal labour of £0.9m (FY22: £0.4m).

Continued investment in account management and further investment in Marketing, with the addition of a Chief Marketing Officer to the management team is expected to develop a value-based customer

proposition. This, coupled with a focussed project to revise the tiering of current and future features within the licensing structure, is expected to deliver increased ARR in the current financial year and beyond.

Travel costs broadly returned to pre-pandemic levels with wage inflation managed to circa 5% in an unusually high inflationary environment. ActiveOps is committed to ensuring that it supports employees appropriately through the current cost of living crisis and will take action where necessary to support individuals.

Adjusted EBITDA moved to a profitable position of £0.7m (FY22: loss £0.3m) excluding the costs associated with share-based payments at £0.0m (FY22: £0.6m), translation reserve loss of (£0.2m) (FY22: gain £0.2) and M&A activities which were zero in the year (FY22: £0.5m).

	Year ended 31 March 2023			Year ended 31 March 2022		
	SaaS £000	T&I £000	Total £000	SaaS £000	T&I £000	Total £000
Revenue	22,058	3,401	25,459	19,564	3,353	22,917
Cost of Sales	(3,411)	(1,268)	(4,679)	(2,974)	(1,423)	(4,397)
Gross Margin	18,647	2,133	20,780	16,590	1,930	18,520

Product and Technology Expenditure

Total expenditure on product management, research, development and support in the year increased to £5.4m (FY22: £4.6m) excluding capitalisation of labour, following investment in all areas in the prior year, with a full year of costs now recognised. This investment has enabled the group to deliver several new features to the product set to provide additional benefit to customers. R&D costs of £0.9m (FY22: £0.4m) were capitalised during the year relating to new features incorporated into ControlIQ and CaseworkIQ.

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

During the year the income statement charge for the LTIP incentives issued at IPO and in July 2022 was £0.03m (FY22: £0.6m). Costs associated with the IPO grant of £0.4m were reversed given that financial and share price targets associated with the grant are unlikely to be met. There was also a reversal of the charge related to options that were granted to individuals who have subsequently left the company of £0.1m. There were no exceptional charges in the year (FY22: £0.5m relating to acquisition that did not complete).

Foreign Exchange

The Group has 48% (2022: 49%) of revenues invoiced in currencies other than GBP, with the Group's cost base predominantly located in the same base jurisdictions as revenues, providing a natural hedge to currency exchange risk. Movements on exchange rates throughout the year represent a positive movement of £0.8m relating to revenue, an adverse impact of £0.7m relating to operating costs and a positive impact of £0.7m relating to the translation of foreign currencies held in bank accounts.

Depreciation and Amortisation

Depreciation and amortisation of £1.0m (FY22: £1.0m) 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 £0.3m (FY22: £0.1m). 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 £0.7m (FY22: loss £2.6m) for the year.

Earnings per Share

Following the Group's move to adjusted EBITDA profitability, the loss attributable to equity shareholders basic earnings per share for continuing operations was a loss of 0.70p (FY22: loss (3.83p))

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 at this time. 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 a strong balance sheet position with no debt and net assets at 31 March 2023 of £7.9m (FY22: £8.5m) including cash of £15.4m at the end of the year (March 2022 : £13.8m).

Goodwill and intangible assets

The carrying value of the Group's goodwill of £1.2m (FY22: £1.2m) was reviewed by the Board with no indications of impairment. The intangible assets at £4.5m (FY22: £4.3m) arising from business combinations for customer relationships, purchased software and capitalised development costs are amortised over an appropriate period.

Cash flow

The Group continues to generate positive working capital with the ratio of operating cashflow to EBITDA at 505% for the year (FY22: 673%).

The Group continued to bill most customers annually in advance for software revenues with deferred income increasing to £13.5m (2022: £8.3m). The seasonality of existing contract customer renewals in the second half of the year delivered a strong increase in cash over that period.

Ken Smith

Chief Financial Officer

Consolidated statement of profit and loss and other comprehensive income for the year ended 31 March 2023

Year ended 31 March	Notes	2023 £000	2022 £000
Revenue	3	25,459	22,917
Cost of sales	4	(4,679)	(4,397)
Gross profit		20,780	18,520
Administrative expense excluding share option charges, depreciation, amortisation and exceptional items		(19,935)	(18,959)
Administrative expenses – share option charges only		(27)	(563)
Administrative expenses - depreciation and amortisation only	7-9	(1,035)	(1,009)
Administrative expenses - exceptional items only	5	-	(539)
Operating loss		(217)	(2,550)
Finance income		49	3
Financing cost		(62)	(65)
Loss before taxation		(230)	(2,612)
Taxation	6	(267)	(119)
Loss for the year		(497)	(2,731)
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translating foreign operations		(181)	161
Total comprehensive loss for the year attributable to the owners of the parent company		(678)	(2,570)
Basic and diluted loss per share			
Continuing operations		(0.70p)	(3.83p)
Total		(0.70p)	(3.83p)

ActiveOps plc

Consolidated statement of financial position

At 31 March	Notes	2023 £000	2022 £000
Non-current assets			
Intangible assets	7	5,735	5,461
Property, plant and equipment	8	162	199
Right of use assets	9	419	564
Deferred tax assets		217	270
Total non-current assets		6,533	6,494
Current assets			
Trade and other receivables	10	6,373	3,754
Corporation tax recoverable		-	-
Cash and cash equivalents		15,377	13,753
Total current assets		21,750	17,507
Total assets		28,283	24,001
Equity			
Share capital		71	71
Share premium account		6,444	6,444
Share option reserve		593	566
Foreign exchange reserve		(224)	(43)
Retained earnings		983	1,480
Total equity		7,867	8,518
Non-Current liabilities			
Lease liabilities	9	364	501
Provisions		102	97
Deferred tax liabilities		889	1,049
Total non-current liabilities		1,355	1,647
Current liabilities			
Trade and other payables	11	18,860	13,697
Lease liabilities	9	100	139
Corporation tax payable		101	-
Total current liabilities		19,061	13,836
Total equity and liabilities		28,283	24,001

ActiveOps plc

Consolidated statement of cash flows

Year ended 31 March	Notes	2023 £000	2022 £000
Loss after tax		(497)	(2,731)
Taxation		267	119
Finance income		(49)	(3)
Finance expense		62	65
Operating loss		(217)	(2,550)
Adjustments for:			
Depreciation of property, plant and equipment	8	127	144
Depreciation of right of use asset	9	142	165
Amortisation of intangible assets	7	766	700
Share option charge		27	563
Change in trade and other receivables	10	(2,619)	2,082
Change in trade and other payables and provisions	11	5,168	(3,111)
Cash from / (used in) operations		3,394	(2,007)
Interest paid		(62)	(65)
Taxation paid		(284)	(184)
Net cash generated / (outflow) from operating activities		3,048	(2,256)
Investing activities			
Purchase of property, plant and equipment	8	(90)	(96)
Purchase of software	7	(891)	(364)
Interest received		49	3
Net cash used in investing activities		(932)	(457)
Financing activities			
Proceeds from issue of shares		-	(14)
Repayment of lease liabilities		(173)	(184)
Net cash used in financing activities		(173)	(198)
Net change in cash and cash equivalents		1,943	(2,911)
Cash and cash equivalents at beginning of the year		13,753	16,617
Effect of foreign exchange on cash and cash equivalents		(319)	47
Cash and cash equivalents at end of the year		15,377	13,753

ActiveOps plc

Consolidated statement of changes in equity

	Share capital £000	Share premium £000	Share option reserve £000	Foreign exchange reserve £000	Retained earnings £000	Total £000
<i>Year ended 31 March</i>						
At 1 April 2021	71	6,430	4	(204)	4,210	10,511
Loss for the year	-	-	-	-	(2,731)	(2,731)
Exchange differences on translating foreign operations	-	-	-	161	-	161
Total comprehensive loss 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 (note 21)	-	-	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
<i>Year ended 31 March</i>						
At 1 April 2022	71	6,444	566	(43)	1,480	8,518
Loss for the year	-	-	-	-	(497)	(497)
Exchange differences on translating foreign operations	-	-	-	(181)	-	(181)
Total comprehensive profit for the year	-	-	-	(181)	(497)	(678)
Transactions with owners, recorded directly in equity						
Reserve transfer on exercising of share options	-	-	-	-	-	-
Share based payment charge (note 21)	-	-	27	-	-	27
Issue of shares	-	-	-	-	-	-
Total transactions with owners	-	-	27	-	-	27
At 31 March 2023	71	6,444	593	(224)	983	7,867

Notes forming part of the financial statements
for the year ended 31 March 2023

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 2022 and 31 March 2023, 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 2023 are unaudited. The figures relating to 31 March 2022 have been extracted from the statutory accounts for that year. The statutory accounts for the year ended 31 March 2023 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 2023 will be delivered to the Registrar of Companies and sent to Shareholders in due course. Statutory accounts for the year ended 31 March 2022 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 UK-adopted International Accounting Standards.

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.

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 2023. The assessment of the impact of these new or amended accounting standards and interpretations is ongoing.

d) Revenue

The Group's revenues consist primarily of SaaS solutions and Training and Implementation revenues ('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.

Both 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 group 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.
- 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 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.

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

The estimated useful lives are as 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, 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.

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. Europe, the Middle East, India and Africa (EMEIA) are aggregated together as they operate and are managed as one business. All revenue streams are recognised over time.

	SaaS £000	T&I £000	Total £000
<i>Year ended 31 March 2023</i>			
EMEIA	11,247	2,678	13,925
North America	5,863	175	6,038
Australia	4,948	548	5,496
	22,058	3,401	25,459
<i>Year ended 31 March 2022</i>			
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

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 4.

During the year ended 31 March 2023 approximately £3,745k (2022: £2,083k) of the groups external revenue was derived from sales to a specific customer through SaaS and T&I operating segments.

	SaaS £000	T&I £000	Total £000
<i>Year ended 31 March 2023</i>			
Revenue	22,058	3,401	25,459
Cost of sales	(3,411)	(1,268)	(4,679)
	18,647	2,133	20,780
<i>Year ended 31 March 2022</i>			
Revenue	19,564	3,353	22,917
Cost of sales	(2,974)	(1,423)	(4,397)
	16,590	1,930	18,520

5. Exceptional items

2023

2022

For the year ended 31 March	£000	£000
Costs associated with M&A aborted activity	-	539

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

6. Taxation

For the year ended 31 March	2023 £000	2022 £000
Current income tax		
Foreign current tax on profit for the current period	362	214
Foreign current tax on profit for the prior period	34	28
Deferred tax		
Origination and reversal of timing differences	(139)	(128)
Adjustments in respect of prior periods	9	-
Effect of decrease tax rate on opening deferred tax position	1	5
Total tax charge	267	119

For the year ended 31 March	2023 £000	2022 £000
Loss before tax	(230)	(2,612)
Tax at domestic rate of 19% (2022: 19%)	(44)	(496)
Effect of:		
Expenses that are not deductible in determining taxable profit	(25)	(19)
Differences in current and deferred tax rates	1	5
Deferred tax not recognised	180	494
Withholding taxes	7	4
Adjustments in respect of prior periods – current tax	34	27
Adjustments in respect of prior periods – deferred tax	9	
Effect of other tax rates	105	104
Total tax charge / (credit)	267	119

At 31 March 2023 the Company and its Group had tax losses of approximately £19.5m (2022: £19.2m) to carry forward to offset against future taxable profits

7. Intangible assets

	Goodwill £000	Customer relationships £000	Purchased software £000	Intellectual property rights £000	Capitalisation of development costs £000	Total £000
Cost						
At 1 April 2021	1,128	6,210	845	125	-	8,308
Foreign exchange	26	79	22	-	-	127
Additions	-	-	-	-	364	364
Disposals	-	-	-	-	-	-
At 31 March 2022	1,154	6,289	867	125	364	8,799
Foreign exchange	36	135	31	-	-	202
Additions (purchases)	-	-	40	-	-	40

Additions (internal developments)	-	-	-	-	851	851
At 31 March 2023	1,190	6,424	938	125	1,215	9,892
Amortisation						
At 1 April 2021	-	2,112	416	125	-	2,653
Foreign exchange	-	7	(22)	-	-	(15)
Charge for the year	-	614	86	-	-	700
Disposals	-	-	-	-	-	-
At 31 March 2022	-	2,733	480	125	-	3,338
Foreign exchange	-	45	8	-	-	53
Charge for the year	-	630	63	-	73	766
At 31 March 2023	-	3,408	551	125	73	4,157
Net book value						
At 31 March 2023	1,190	3,016	387	-	1,142	5,735
At 31 March 2022	1,154	3,556	387	-	364	5,461

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

There are two assets included in capitalised development costs which are material to the financial statements.

Asset	Description	Carrying Amount £000	Remaining Amortisation Period
CiQ – Capex	New features to the ControliQ platform that are expected to further enhance the proposition for the customer	291	4 years
CaseWorkiQ redevelopment into ControliQ	Replatforming CaseWorkiQ data capture and reporting onto the ControliQ platform to enable a more seamless platform for customers who require both products.	288	5 years

The aggregate research and development expenditure recognised as an expense during the period is £4.5m.

Customer relationships consists of two individual assets: the acquired relationships from the purchase of Open Connect on the 1 August 2019, which has a netbook value of £1.3m and is being amortised until 31 July 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 £1.7m and is being amortised until 31 March 2027.

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.

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

	2023 £000	2022 £000
At 31 March		
Australia	577	577
United States of America	613	577
	1,190	1,154

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 £000	Plant and machinery £000	Fixtures, fittings and equipment £000	Total £000
Cost				
At 1 April 2021	199	353	551	1,103
Foreign exchange	(28)	(25)	(101)	(154)
Additions	-	82	14	96
Disposals	-	-	-	-
At 31 March 2022	171	410	464	1,045
Foreign exchange	(4)	(1)	(5)	(10)
Additions	-	65	25	90
At 31 March 2023	167	474	484	1,125
Accumulated depreciation				
At 1 April 2021	193	250	419	862
Foreign exchange	(28)	(31)	(101)	(160)
Provided during the period	6	81	57	144
Disposals	-	-	-	-
At 31 March 2022	171	300	375	846
Foreign exchange	(4)	(2)	(4)	(10)
Provided during the period	-	71	56	127
At 31 March 2023	167	369	427	963
Carrying amount				
At 31 March 2023	-	105	57	162
At 31 March 2022	-	110	89	199

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 2021	736
Foreign exchange	(7)
Depreciation charge for the year	(165)
At 31 March 2022	564
Foreign exchange	(3)
Depreciation charge for the year	(142)
At 31 March 2023	419

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

Amounts recognised in the Statement of Financial Position

	2023 £000	2022 £000
<i>At 31 March</i>		
Lease liabilities		
Current	100	139
Non-current	364	501
	464	640

Amounts recognised in the Statement of Profit or Loss

	2023 £000	2022 £000
<i>For the year ended 31 March</i>		
Interest expense	37	45
Expense for short term leased properties	150	95
Depreciation of Right-of-use assets	142	165

Amounts recognised in the Statement of Cashflows

	2023 £000	2022 £000
<i>For the year ended 31 March</i>		
Total cash outflows	360	324

10. Trade and other receivables

	2023 £000	2022 £000
<i>At 31 March</i>		
Trade receivables	5,507	2,723
Prepayments and accrued income	675	953
Other receivables	191	78
	6,373	3,754

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

2023 2022

At 31 March	£000	£000
Trade receivables from contracts with customers	5,563	2,770
Less loss allowance	(56)	(47)
	5,507	2,723

Trade receivables are amounts due from customers for goods sold or 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.

Information about the impairment of trade receivables and the group's exposure to credit risk and foreign currency risk can be found in note 22.

11. Trade and other payables

At 31 March	2023 £000	2022 £000
Trade payables	167	1,326
Other taxation and social security	1,360	815
Other payables	5	3
Accruals and deferred income	17,328	11,553
	18,860	13,697

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.