



Annual Report 2022

Transforming the digital workplace to meet the growing demands of the new ways of working

Actual gives business leaders around the world the data-driven confidence they need to make informed strategic decisions on the future of work

Our mission is for the digital workplace to work for everyone, everywhere, all of the time.

Using our patented algorithms, we harness the power of technical measurements by seeing beyond individual data points. We map the path forward for business transformation by discovering the underlying story.

Every decision we make is driven by the needs of our market and customers. Before investing in new features, we relentlessly seek consensus from a diverse range of voices and we work hard to provide our customers with tangible, high-impact improvements.

Our desire to use technology for good unites us. We thrive as a team when we use our diverse skills and experiences to do good. We're motivated by the fact that when we get it right, we can make a difference.

“In our opinion none of our competitors match the capability of Actual’s new Digital Workplace Management Platform (DWMP) when it comes to providing the insights that corporate boards and management teams need to address in the complex, hybrid working environment.”

Kirsten English
Chair



Financial Headlines

Revenue

£1.18m

(2021: £1.74m)

Loss for the year

£5.27m

(2021: £5.85m)

Loss per share

9.19p

(2021: 10.84p)

Cash and cash equivalents

£2.87m

(2021: £8.22m)

Average number of employees

65

(2021: 72)

Operational Highlights

- Significant refresh of the Board and C-suite leadership bringing critical skills and experience in SaaS scale-ups (p. 5)
- Extensive market research project to identify and define our target audience and their pain points (p. 7-8 and 14)
- Applied our legacy technology to this newly emerged market problem (p.10)
- Rebranded and repositioned our messaging and the problem we solve (p.9)
- Scaled our infrastructure to service global enterprise customers (p. 18)
- Built and launched a brand new offering, our Digital Workplace Management Platform (p. 11-13)
- Completed a £3.1m equity fundraise after the year-end

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We are Actual



Who we are

Actual Experience plc is a United Kingdom-based Human Experience Management Company. We are pioneering the future of work and powering business transformation.



What is HX

Our Human Experience (HX) score is the translation of IT metrics into the employee perspective. It identifies and quantifies the things that cause tangible frustration to employees as well as showing how this experience impacts operational efficiency.



What we do

For business leaders, our Digital Workplace Management Platform (DWMP) quantifies the impact that their digital ecosystem has on both their people and productivity (known as the Human Experience, or HX) and identifies where resource and investment must be focused to make tangible improvements.



Our team and technology

Actual Experience is led by an experienced executive team and the technology is built on ten years of research at Queen Mary University of London to develop our unique Digital Workplace Management Platform.

Our HQ is located in the UK, with a regional sales office in the US. We currently employ approximately 50 employees.



Our partners and customers

Partnering with and through global brands, we are targeting many large corporations with our new platform. This is supported by our Direct Sales and Marketing capability.



Transforming for growth

2022 has been a transformational year for Actual Experience as we revisited our market proposition, developed a new product offering and strengthened operationally as a business. We are refreshed and ready for growth.

A year of transformation

In the wake of the pandemic, businesses across the globe have had to drastically rethink their approach to the workplace. With a host of newly emerging strategic challenges as they navigate the complicated decisions and policies needed to support hybrid work in a way that's sustainable for both their people and their financial productivity, leaders are increasingly seeking sources of reliable data to underpin their processes as they move forward.

Our core technology is well placed to provide this, so in 2022 we've applied the talent and energy of our teams to repositioning our offering as our new Digital Workplace Management Platform (DWMP).



We're doing things differently

In FY22 we've tackled our toughest challenges as a business. Despite the strength of our core technology, we needed to overhaul both our go-to-market approach and our operations in order to build a strong foundation for growth moving forward.

Challenges

Transformation strategy

Outcomes

Struggling to achieve revenue growth



Refreshed Leadership

A radical refresh of leadership across both the Board and C-Suite, bringing a wealth of growth experience to the top table

Kirsten English (NED since January 2020) took over as Chair in March 2022, guiding the business to focus on transforming for growth (see more on page 9)

Richard Steele (experienced AIM CFO) and Harmesh Suniara (Portfolio Manager at Lombard Odier) welcomed to the Board in June & October 2022 respectively

Scarlet Jeffers (Chief Product Officer, October 2021) and Roy Jugessur (Chief Revenue Officer, May 2022), joined the C-Suite to lead the transformation

In September 2022, our co-founder Dave Page stepped down as CEO, now holding the Chief Strategy Officer role and focusing on partnerships and media coverage

Underwhelming sales & market response



Achieved Product Market Fit

Defined and validated the problem and reapplied our technology to address it

Extensive market research carried out to understand the challenges posed to businesses by the new ways of working

Built and released a new SaaS offering, **our Digital Workplace Management Platform (learn more on page 11-13)**, moving away from our previous model of highly bespoke, static PDF reports

Rebranded the company with a fresher image to bolster our go-to-market efforts with the new product launch

Requirement to deliver at pace during the transformation



Focused on Operational Rigour

Rebuilt the sales function, completed critical technology scaling and reduced costs

Rebuilt the sales function from the ground up including defining a new **Ideal Customer Profile (see Market Context on page 7)**, building a **new go-to-market model (see page 15)** and introducing a rigorous pipeline analysis process

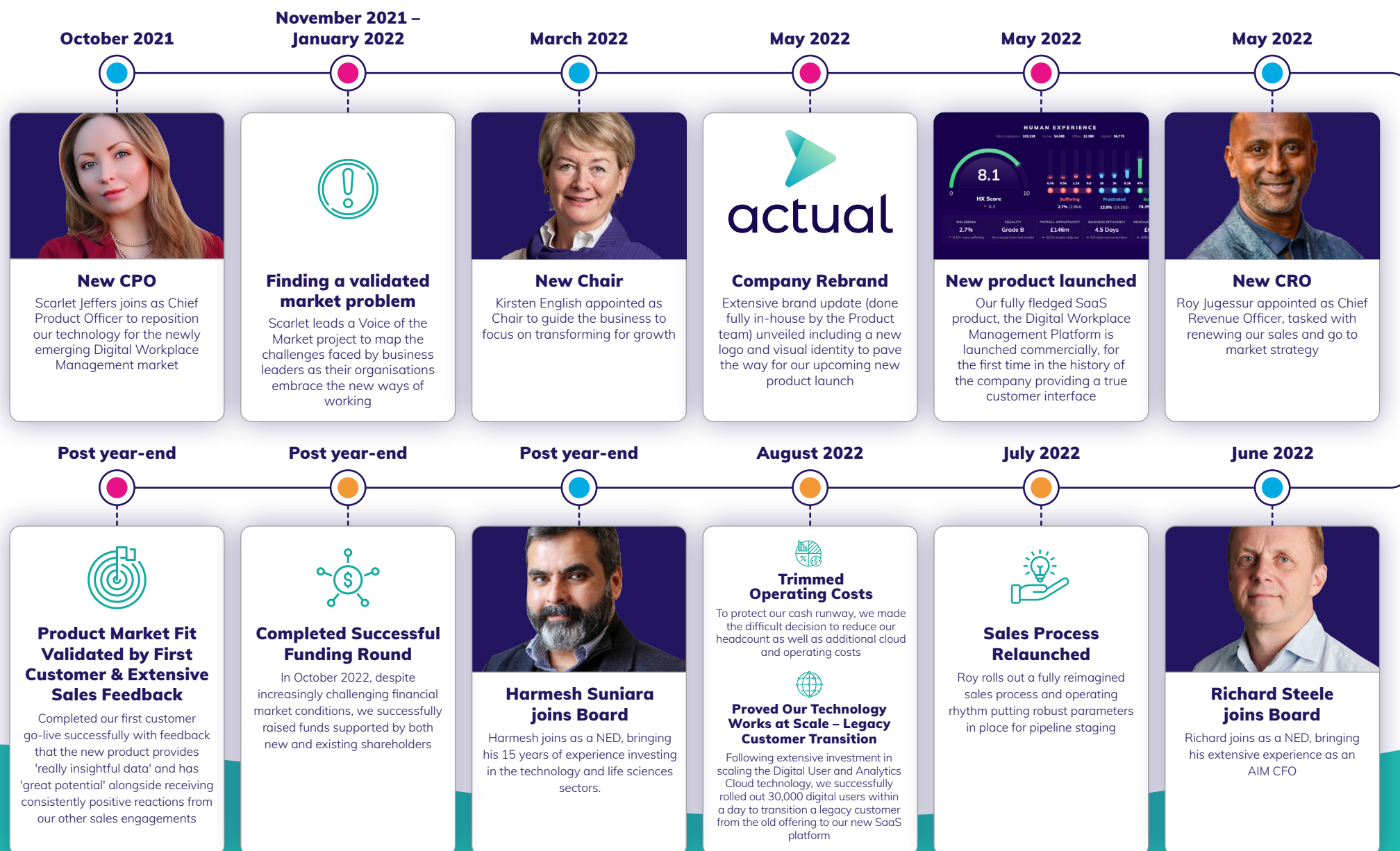
Scaled our technology and infrastructure to meet the needs of enterprise customers and successfully deployed 30,000 Digital Users in a day

Significantly reduced headcount and cost base to extend cash runway

Prepared for enterprise sales by achieving ISO 27001 certification

Our highlights from 2022

● Product Market Fit ● Leadership Refresh ● Operational Rigour



Overview

Although 2022 was, in some ways, a difficult year for the Group, we made significant changes which should position the company to take advantage of the growing demand for digital workplace services.

The marketplace for tools which improve the digital workplace is growing. Forrester, Gartner, and McKinsey publications, inter alia, show that this is an emergent market with a variety of service offerings designed to monitor and improve performance. Based on our analysis, in our opinion none of our competitors match the capability of Actual's new Digital Workplace Management Platform (DWMP) when it comes to providing the insights that corporate boards and management teams need to address in the complex, hybrid working environment. Our new product is more than a network performance tool, we provide continual and reliable data in a dashboard format which monitors employee wellbeing and signals where investments can be made to increase productivity.

Strategy

During 2022, we have increased our focus and pace of execution.

Our strategy has been to build out the product, sales, and marketing capability of the company. Scarlet Jeffers joined in October 2021 as Chief Product Officer and DWMP was soft launched in May 2022. This was a significant achievement by the team. In May, Roy Jugessur joined as Chief Revenue Officer to professionalise our sales approach and kick start our Direct sales capability, whilst enhancing relationships with our major channel partners. We also rebranded the company for marketing purposes. During the year, we reviewed and reduced the cost base and decreased the 'cash burn rate' to allow us to invest in more 'front end' resources and give time for the new strategy to take root. And in October (following September roadshows), we raised capital to invest further in these capabilities and opportunities.

Please see the CEO Statement on pages 16 and 17 for an update on the development of our sales pipeline.

Board and Governance

During 2022, we have made important changes to leadership and governance.

I stepped into the role of Chair in March and initiated a series of changes to refine our leadership and governance and ensure it is fit for the next stage of the Company's development. In addition to the senior management appointments mentioned above, our founder Chief Executive Officer, Dave Page, moved to a new role as Chief Strategy Officer with a mandate to secure more partnership business and became an advisor to the Board. I wanted to update you on the search for the new CEO. The process has yielded excellent internal and external candidates but is not yet concluded. However, we have an experienced management team whose focus is primarily on sales at this time. Consequently, Steve Bennetts will remain as Interim CEO (as well as being the CFO) and I will remain as Executive Chair until the new CEO comes on board. Richard Steele joined the Board in June 2022 and assumed the role of Chair of Audit in September when he replaced Sir Bryan Carsberg, who stepped down after eight years as a director. We thank Sir Bryan for his support and wisdom. In October 2022, Harmesh Suniara was appointed to the Board; Harmesh is a portfolio manager at Lombard Odier (a cornerstone investor in the recent fundraise).

Equity Placing

In October we went to the public market for additional funding and raised £2.8m (net). Our joint brokers were Singer Capital Markets and Turner Pope Investments as we targeted both professional and high net worth investors. The purpose of the fundraise was to increase our 'cash runway' to enable the new team and market positioning to make an impact.

Further details of our operational and financial considerations are outlined in the Chief Executive statement, the Directors' Report and Note 1(a)(v) to the financial statements.

Summary

During 2022, there has been meaningful change impacting every part of the business. This means our company is now positioned to capitalise on the growing market opportunity for digital workplace services.

In recent months, we have gained important new capabilities in the Company; new product, a revitalised sales team and significant changes to the Board and leadership of the Company. Our efforts are now focussed on making sales in the rapidly emerging market sector for digital workplace management tools. The economic conditions in the UK remain uncertain, sales cycles are lengthy, but we have built a solid pipeline through both our partners and, more recently, our 'Direct Sales' efforts.

I would like to thank Actual's dedicated and innovative staff, plus our customers, partners, and investors for their support this past year and look forward to delivering on our potential.

Kirsten English

Chair
26 January 2023



Our market context

In late 2021 we began to see the effects of the Covid-19 pandemic solidify into the new ways of working. With significant pressures from employees on organisations to facilitate hybrid working as the new normal, by mid-2022 we were seeing the digital workplace rising to the top of the strategic agenda.

Our Market Survey Results

In November 2022 we commissioned a market survey of over 1,000 people in the UK who work in a hybrid format



51%

Want to work from home more, only 8% want less



53%

Lose productivity due to poor digital experience problems



29%

Said their employer provides financial or logistical help to get better broadband at home. 65% felt employers should be providing that type of help



26%

Suffer poor digital experience (slow broadband, poor audio and video quality) very or fairly often



46%

Find poor digital experience stressful

Market Size



1 billion

estimated knowledge workers globally



X10

increase in Digital Workplace tools between 2021 and 2025 *

* Predicted by Gartner



60%

of their time estimated to be working digitally

Ideal Customer Profile (ICP)

Based on our learnings from FY2021, we've redefined our ICP in order to remain focused on the highest conversion opportunities



Employees

5000+



Annual revenue

£500m+



CHRO / CFO / CIO

Shared ownership of a Future of Work strategy now or within the next 12 months

The problem we solve

Enterprise leaders know that widespread business transformation has to begin now, but these newly emerging challenges call for new data sets. The previous approaches no longer support the decision making process.

The Transformation Problem



Businesses need to rapidly transform

in order to build a sustainable work-from-anywhere digital ecosystem that works for both their people and their financial performance

But



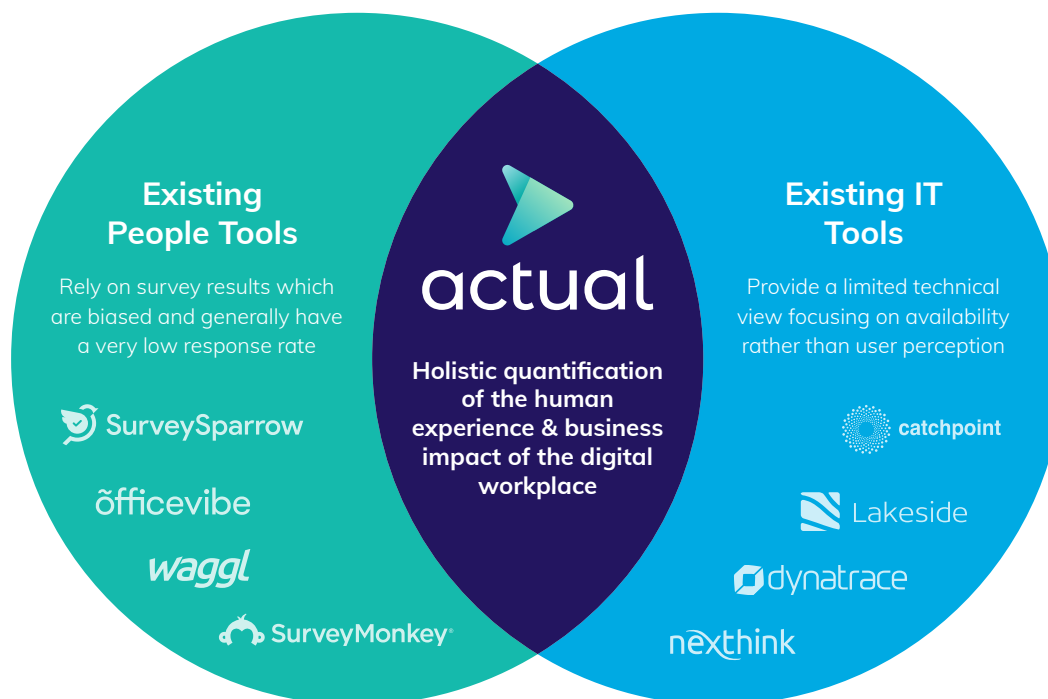
Leaders are flying blind

and without reliable data to inform their strategic decision making, they don't know where to start investing to improve their digital workplace experience

Competitive Landscape

The two categories of existing data sources are people tools which usually rely on surveys or qualitative input, and IT tools which collect huge volumes of quantitative individual point data.

At Actual, **we translate IT data into human metrics**, using our patented algorithms to not only find the highest impact problems in the digital workplace, but also quantify the distress caused to both people and productivity



Q&A with our CRO and CPO on the emerging market opportunity

The market problem

Q: In recent months we've seen a surge in interest around digital workplace management. What are the driving forces behind that?

A: Firstly, organisations and in particular the CIO and CHRO offices are under incredible pressure from boards and investors to deliver a DWMP / Future of Work agenda. They are currently flying blind, and for most organisations they cannot even show where their workforce are situated - the need for insights as it relates to people and productivity impact is business critical. We are in a nascent space as organisations look to enter the 'planning' phase post pandemic - and with the Analysts now carving our DWMP / EX waves - the tailwinds continue to emerge with 2023 primed for huge growth. DWMP represents the biggest transformation shift since Customer Experience.

Q: Can you tell us a bit about the trends you're seeing emerging in this space?

A: The pandemic forced a global culture and technology experiment in the future of the workplace.

- People like their new technology-enabled work-life experience, and want more of it

- Organisations now seek to embrace and institutionalise 'the future of work'
- A once-in-a-generation rethink of the Employee Value Proposition and technology is beginning
- CHRO and CIO will partner to lead the transformation
- Improving employee retention and productivity are the top-level success metrics

Q: Why do business leaders need more data? What's missing?

A: By underpinning their strategic decision making with our data-driven insights, our customers gain the clarity and confidence needed to build sustainable ecosystems within their organisations - delivering both a great employee experience and increasing the efficiency of the digital workplace.

Roy Jugessurs
CRO



Our solution

Q: The market has changed rapidly this year. How did you leverage the existing technology to create a solution to these problems?

A: The most important thing is keeping the focus on the pain being felt by the market. With so much trepidation around the future of work, it became resoundingly obvious that there was a fast emerging gap for a holistic platform that gives leaders the answers they need to be able to manage and improve their digital workplace. Our core technology provides great insights into these problems, but the key for us was to build a customer-facing layer that brought clarity and confidence to our target audience as they navigate the new ways of working.

Q: What do businesses get when they use the new Digital Workplace Management Platform?

A: When we understand HX across the workforce, we not only identify those individuals who need immediate support with their digital infrastructure to prevent frustration and undue stress (and therefore help reduce employee turnover) but also the significant payroll and revenue consequences cumulatively across the business. By analysing each impairment in the digital landscape, we provide a prioritised improvement roadmap for our customers, putting those projects with the highest people and productivity impact to the top of the list.

Q: In this new era of hybrid working, what makes Actual Experience unique?

A: When we set out to build a new SaaS offering, we carried out an intensive Voice of the Market project, listening to the challenges and pains that modern enterprise leaders are facing. The most common theme was knowing that they needed to transform to embrace hybrid working, but not knowing where or how to start. Our core technology uniquely placed us to tackle this problem. Unlike traditional IT solutions, we take a strategic top-down approach to technical data. Meaning that with us, the story behind the data rather than the data itself is what comes to the surface and can be used to inform investment decisions with a focus on productivity and people, rather than just considering the simple availability of IT services.

Scarlet Jeffers
CPO



Our digital workplace insights

Our technology has three layers: a lightweight software agent on the end user machine that doesn't infringe on employee privacy, our patented algorithms housed in our Analytics Cloud, and our Digital Workplace Management Platform (DWMP) user interface.

Our Technology



Our Digital Users are deployed to employee devices and every few minutes the DU creates its own interaction with the digital workplace ecosystem (never tracking or monitoring the real user) and takes measurements.



Each DU sends its measurements daily to our Analytics Cloud. Here, our patented algorithms (which we have been training for more than 10 years) create the HX scores for every individual user and assigns an experience band.



Our customers log in to our DWMP and are able to explore the insights that matter most to them - how their digital workplace is affecting their people and productivity, and how to take action to improve it.

Our Insights

Our HX score is the translation of IT data into a human metric

We focus on the issues that are actually perceived by users and that cause wasted time for the business. Someone with a low HX score (1-4) will be having a very hard time working effectively.



Productivity KPIs



Time wasted



Payroll opportunity

People KPIs



% Workforce suffering



Equality of experience

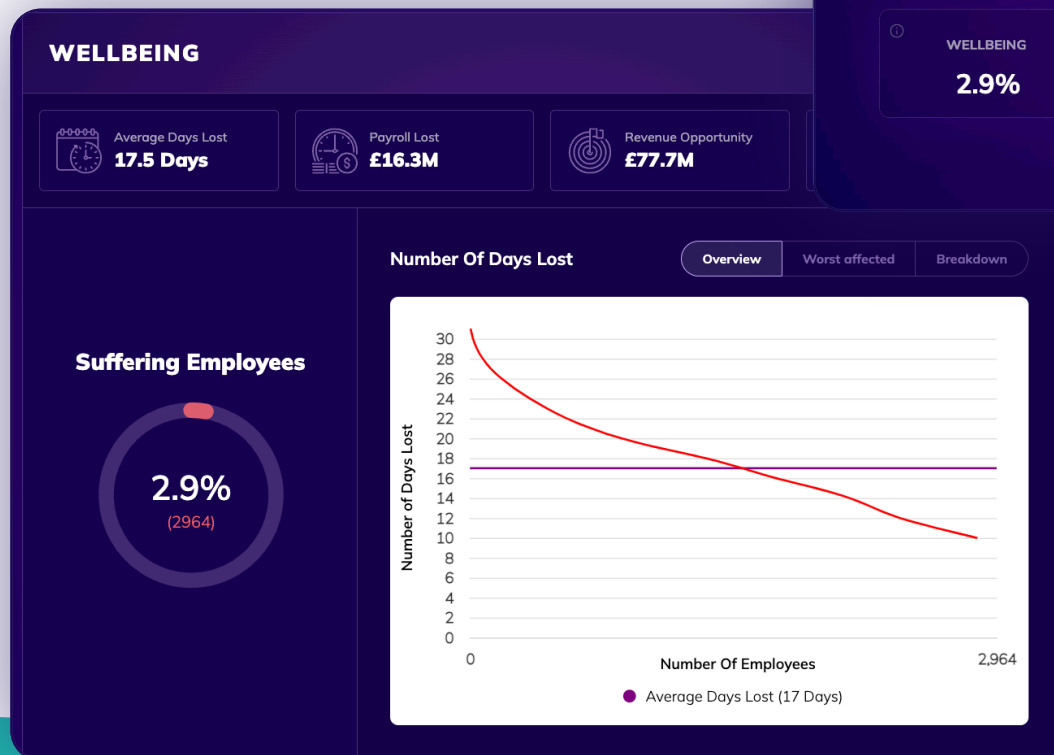
Workforce trends and prioritised improvements

By collecting experience data on every employee in a global workforce, we're able to provide key insights into hybrid working patterns and the impact these have on the business. By identifying the impairments causing problems to each user, and how much of an effect these have, we're able to prioritise the transformation to-do list by ROI for IT leaders.

Platform Overview

We create change by embracing the power of storytelling with data, driving digital transformation for the new ways of working

From home working support to hybrid policies and supplier management, our insights give customers the clarity and confidence needed to build sustainable ecosystems within their organisations.



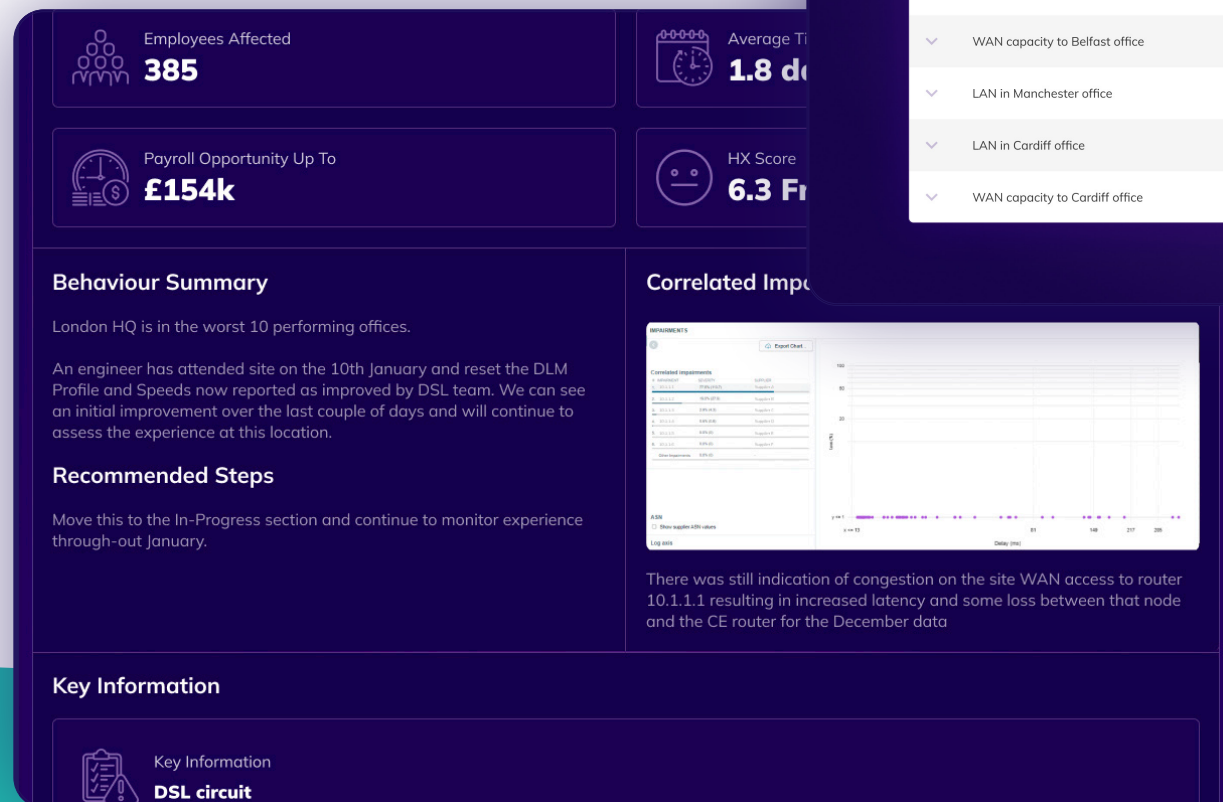
Our HX score translates IT data into human metrics for productivity and people agendas

When we understand HX across the workforce, we not only identify those individuals who need immediate support to prevent burnout, undue stress and employee turnover, but also the significant payroll and revenue consequences arising from these poor experiences cumulatively across the business. Our HX score accurately predicts what someone would say if you asked them about their experience.* Effectively we provide a quantified, unbiased and far-reaching picture of the health of technology capabilities, without ever having to ask employees directly.

* Based on research carried out by OfCom as part of the 2015 home broadband study for Digital Britain

Getting to the root of the problem

At Actual Experience, we not only identify the issues across the digital workplace that are causing problems, we analyse them in the context of user perception and business impact so that our customers know where to start with their improvement projects



actual Business Impact Improvements Your Employees

Based on report: Customer Jan 2023

Search for improvement Filters (0)

Improvement name	Date identified	Improvement type	Employee affected	employee	Status
Internal application resource	02/11/2022	Application	1,785		Completed
R&D intranet server resource	02/11/2022	Application	1,150		On hold
Internal application delivery infrastructure	02/11/2022	Wider network	850		On hold
Microsoft Teams	03/12/2022	Wider network	450		In progress
WAN capacity to London office	03/01/2023	Network (office)	385		Not started
WAN capacity to Belfast office	02/11/2022	Network (office)	278		In progress
LAN in Manchester office	03/01/2023	Network (office)	172		Not started
LAN in Cardiff office	02/11/2022	Network (office)	125		In progress
WAN capacity to Cardiff office	02/11/2022	Network (office)	100		Completed

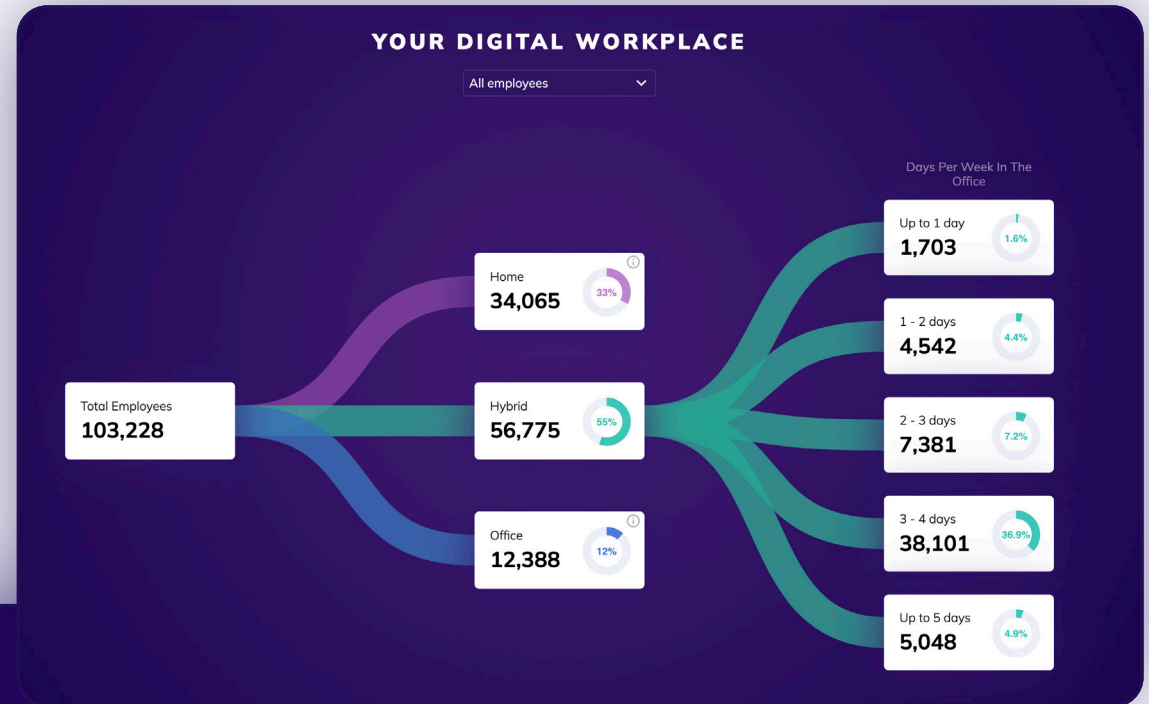
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By assigning crucial data points like the number of people affected and estimated time loss to each identified project, leaders can make investment decisions with confidence, knowing that they're getting the best ROI and are moving the needle on their top priorities.

Hybrid Working Analysis

Quantify and understand how hybrid working is affecting the quality of the digital experience across an entire business.

Our technology not only visualises the hybrid working dynamics within an organisation on a global scale but also quantifies the difference in experience between the home and office environments for each employee.



This data can be used to inform policy decisions (such as how many days per week people can work from home) and to direct budgets accordingly on projects like real estate investments or home worker office provisioning. With **65% of knowledge workers believing that their employer should provide financial and logistical support for home working technology**, and **29% saying they already do receive this**, there's more reason than ever to consider the ROI on these improvements.

Statistics based on polling carried out by ComRes in October 2022, commissioned by Actual Experience Plc., 1006 UK residents polled on their experience of working from home

Our value proposition playbook

We've built a robust Voice of the Market and Customer feedback loop into our product culture. As a result, we've formed a clear playbook of the value propositions we bring to each of our target stakeholders, always with a focus on solving their pain.

For Technology Leaders



We quantify the ROI opportunity attached to each suggested improvement so that you can secure budget for projects that will have a demonstrable impact on both business efficiency and employee experience



Use our reports to track the business improvements resulting from your efforts to improve the digital workplace and share this impact with your stakeholders



Our powerful buy-side information brings a new perspective on supplier management, seeing beyond SLAs and instead focusing on the real impact each system or tool has on employees and the company commercials



Add an important layer to the procurement process by benchmarking your current suppliers and comparing against intended options before moving ahead with changes



Gain unparalleled visibility of what your people need to work from home efficiently, without tracking any user activity or taking surveys

For Finance & Ops Leaders



Get a clear picture of how the full workforce in all locations are choosing to work - based on real data and removing bias or uncertainty from surveys and using the quality of home versus office experiences to inform strategies and policies on the future of work



Make more informed decisions when planning investments in real estate and office facilities by understanding which locations and offices are favouring on-site versus home working



Build a company culture where your people choose to not travel for business as they trust the digital workplace to work, reducing your carbon footprint significantly



Understand the value pay-off in providing budget and investment into employee home office set-up to improve their experience

For People Leaders



Using our powerful insights and data, identify patterns across the global workforce to inform strategic planning and policy decisions



Find the individual employees who are struggling the most and are at the highest risk of leaving, and take immediate supporting action



Gain a key data set for equality and upward mobility by understanding the difference in employee experience across departments, countries and seniority levels



Use the quantified ROI opportunity for each improvement project to secure investment and corporate buy-in for HR and people projects



Correlate our HX scores to your internal data such as employee net promoter scores to identify patterns and drivers from the digital workplace that impact employee engagement and satisfaction

Transforming our business model

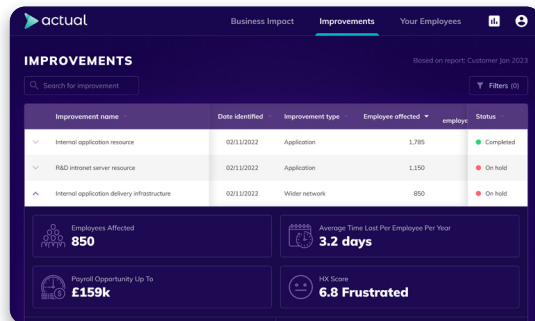
Change from PDF to SaaS

Previously, we created bespoke PDF consultancy reports for each customer engagement. We've now created a fully standardised and scalable SaaS offering, allowing us to accelerate our sales momentum.

Old way = Manual + Bespoke



New way = SaaS offering



Digital Workplace Management Platform Commercial Model



12 month contract (minimum)

Sales team incentivised for multi year deals and payment in advance



3 month break clause at start

Goal is to establish value in terms of employee experience and productivity



Land and expand

Deployments are expected to grow over time

Go-to-market model

Organisations require help for their Future of Work projects and as such working with Consulting, human capital management, and technology partners creates a more compelling ecosystem in the eyes of large enterprises.

Actual is meeting an emerging and urgent need for a true HX solution that gives executive teams the data they need to successfully complete and manage Future of Work projects

Our current partner programme is delivering the majority of the new prospects into our sales funnel, and many of these opportunities are rapidly moving through the early phases of our sales engagement.



"I am confident that the Company has taken the necessary steps to ensure that it is well positioned to take advantage of the commercial opportunity to stake a leadership position in one of the most significant enterprise technology developments in recent years."

One of the most profound and far-reaching business changes in recent times is the widespread adoption of employee hybrid working, often referred to as 'The Future of Work'. This has presented leadership teams with a once-in-a-generation opportunity to transform the digital environment for their employees. Having invested vast sums in the past in optimising their offices for employee digital experience, enterprises are now embracing this hybrid working environment by prioritising the 'human experience' of their digital business applications to ensure their employees are as productive as ever, anytime and anywhere. This important trend is now increasingly recognised by leading commentators such as Forrester and Gartner, who suggest that 2023 will be the start of a period when organisations prioritise investment in technologies that improve the human experience of their digital infrastructure.

Actual Experience is ideally placed to stake out a leadership position in this nascent Human Experience (HX) sector, thanks to its patented technology and many years of know-how. Uniquely, our SaaS solution provides actionable insights from the only perspective that matters, the human perspective. By acting as a proven-to-be-accurate proxy for employees accessing an enterprise's major applications, Actual is able to determine which employees are experiencing poor digital performance and then identify the areas requiring improvement.

Performance Review

Our previously communicated plans to pivot Actual's strategic focus to address the strong and pervasive commercial need for hybrid working data resulted in 2022 being a year of transition for the business. The Company has emerged from this period of change with a refreshed and reinvigorated leadership team and the launch of our market-leading Digital Workplace Management Platform (DWMP). We are pleased with the consistently positive market reaction to the DWMP from both channel partners and prospective enterprise customers.

Revenue for the year ended 30 September 2022 was generated entirely from legacy sales engagements and amounted to

£1.2m (2021: £1.7m); as previously announced, this decrease is attributable to legacy contracts that were not renewed during the year and which did not involve our new DWMP product.

During the year, significant cost reductions, amounting to approximately a third of peak monthly spending (savings of over £0.2m per month) were achieved through reduced headcount and other operational initiatives. This will benefit the current financial year that commenced in October 2022 by lowering the Company's cash burn and break even point.

Net cash at 30 September 2022 was £2.9m (30 September 2021: £8.2m). Following the fund raise completed in October 2022 which raised net proceeds of £2.8m, Actual Experience retains a solid financial position, with net cash of £4.1m at 31 December 2022.

However, at this time the Group remains loss-making and it will be necessary to win significant new sales orders.

People and culture

Our skilled employees are key stakeholders in the success of the Company and I would like to thank them for their ongoing hard work and dedication. 2022 has been a year of challenge and change for our people but through their continuing commitment and focus on achieving our strategic goals, the Company has emerged in a stronger position to execute our growth initiatives and stake a leadership position in the emerging SaaS market for Human Experience solutions.

Actual's corporate culture is at the heart of everything we do. I strongly support the Company's core values and behaviours which we expect every employee to uphold and which underpin the corporate strategy and decision making process. This culture ensures that the Company is fair, ethical and supportive towards all employees and stakeholders, making it a place where people are able to work effectively and achieve their career goals.

Platform development

An intrinsic element of the profound changes in Actual during the year has been the evolution of the Company's technology focussed

culture to a more sales-led focus. As part of this, management has listened carefully to feedback from existing and prospective customers with regard to their requirements for comprehensive, easily accessible, and timely information regarding the employee experience of hybrid working. This resulted in a market-led definition of the required product to address enterprise needs

Fortunately, Actual has been able to re-purpose its established and patented algorithms and 'know-how' to provide the computational core of our new SaaS offering, the DWMP. This was launched in summer 2022 and includes an interface/portal that provides rich information on the operational capabilities of the digital workplace, by user, department, and geography.

In August 2022, the Company completed an initial deployment of the DWMP with an existing customer and then proceeded to live service in October 2022. The platform has proven to work reliably at scale in this large deployment and is already providing a wealth of actionable information regarding opportunities to derive digital workplace efficiencies. This has resulted in strongly positive customer feedback.



Our markets

While still maintaining a direct sales capability, the importance and ubiquity of the need for a compelling technology solution to support hybrid working means that Actual will increasingly seek to establish partnerships with leading technology solution providers, as well as consultancies focussing on the people dimension of hybrid working.

We believe that there is a widespread need for our technology and that it will appeal especially to large global enterprises with complex digital infrastructure and applications.

Partner programme

We are pleased with the on-going support and continuing commitment of our commercial channel partners Verizon and Vodafone, both of whom are actively promoting DWMP to their customer base. Most of the sales leads currently being pursued by Actual are being generated in this way.

As a strategic priority, Actual is actively seeking new partner relationships with leading technology and consulting companies. Several of these projects are well advanced and we expect to announce new partners in due course.

As announced in December 2022, the Company is particularly pleased with its recent progress with LACE Partners, a specialist HR consultancy with a 'Big Four' heritage. Together with LACE, Actual is actively pursuing several opportunities with LACE's large global clients.

Our current and prospective partners share our view of the need for a compelling technology offering that addresses the business need for comprehensive and timely information on the impact of hybrid working on the productivity and well-being of their employees. While several established technology companies claim to have a viable product offering, our partners confirm that Actual's DWMP is ideally placed to stake a leadership position in this emerging market.

Sales pipeline

At the time of the fundraise in September 2022 we talked about our order pipeline and how we collaborate with our partners to generate sales leads. Our primary focus subsequently has been on landing high value contracts with several key prospects as this is the fastest route to obtaining paying customers, generating revenue and improving our cash position.

The following progress has been achieved on these sales engagements in recent months. We are in advanced discussions with a large UK central government department. This is a sales process run to rigorous procurement standards and is therefore competitive. This process is scheduled to complete in spring 2023.

We are also in advanced discussions with two leading professional services firms. The larger of these is running a full procurement process to select their chosen HX supplier and we believe that this process should also complete in spring 2023. Discussions with the second firm commenced more recently but indications are that this is an engagement that will complete by summer 2023. We are working closely on these projects with our partners Verizon and Vodafone and we are in the process of expanding our sales team to ensure that we have the capacity for handling these and other large enterprise opportunities. In our experience, enterprise sales cycles are typically 9 to 12 months, although recent economic uncertainty in the UK has extended the process for some prospects.

While our primary focus in recent months has been to drive these engagements to the point of placing orders, we also continue to identify new sales leads both with our partners and through direct selling efforts. We have also progressed our previously announced relationship with leading HR Consultancy LACE, to both nurture opportunities within the HR community and develop joint marketing initiatives.

As noted elsewhere in this Report, we continue to receive positive feedback regarding our DWMP from existing and prospective customers as well as from our partners. While several large technology companies in the IT tooling space have recently started to play into the Digital Experience (DX) category, we retain our unique selling point having spent the last decade refining our patented algorithms and analysis. Rather than just reporting them, we translate a multitude of IT data points into quantified, prioritised actions to improve the digital workplace.

The successful completion of these sales leads remains of paramount importance to the Group. As outlined in further detail in the Directors' Report, if the Group is not able to secure an appropriate combination of new revenue contracts and/or cost reductions and without further sources of finance being identified and obtained, then it may not have sufficient resources to meet its liquidity requirements for the foreseeable future. Accordingly, a material uncertainty exists which may cast significant doubt about its ability to continue as a going concern.

Technology investment

Actual will continue to work closely with its partners and enterprise customers to add high-value features to the DWMP to maintain its technology leadership position.

As our commercial sales activities increase, a priority for us is to continue to develop the scalability of our data centres so that they are able to meet the demands of the world's largest companies while improving our gross margins to 90%.

Summary and Outlook

Since our trading update issued in mid-December 2022, we have continued to make progress in all our major workstreams. As previously stated, our sales cycles remain lengthy, and efforts to reduce this have been hampered by the challenging general business environment and specifically the weak macroeconomic conditions. Further details of our operational and financial considerations are outlined in the Directors' Report and note 1(a)(v) to the financial statements.

Despite this economic backdrop, Actual is well placed to meet the strong and wide-spread enterprise demand for data to enable effective management of employee productivity and well-being. Our clear focus and priority is to continue to develop our pipeline of sales prospects and convert these as efficiently as possible to recurring high-margin SaaS revenue streams. In particular, we expect to be able to work closely with our existing and prospective channel partners to access large enterprise prospects. I am confident that the Company has taken the necessary steps to ensure that it is well positioned to take advantage of the commercial opportunity to stake a leadership position in one of the most significant enterprise technology developments in recent years.

Steve Bennetts

Interim CEO & CFO
26 January 2023

Strategy in action

Throughout 2022 our teams have shown relentless commitment to the transformation of both our business and our product offering. As a result of this outstanding effort, we've already achieved the following:

Found Our Niche



We've taken the power of the core technology built over the last 12 years and have reapplied it to the challenges faced by today's business leaders in a way that resonates with our audience

Feedback for our new Digital Workplace Management Platform:



"Any organisation that does not have this employee experience capability for their workforce in the next 3 years will be entirely lost." **CIO North America of a Fortune 500 company**



"You're really on to something. You turn what was previously anecdotal into actionable data - really powerful." **COO of a Tier 1 bank**



"You've found a space where something is needed right now." **Big 4 Director**



"Your passion and ability to articulate the human experience in a way that resonates with the various business leaders is super powerful." **Global Account GM at one of our partners**

Technology Delivery



Only 6 months to build our new product from design to commercial launch – using the power of the core technology but taking a greenfield approach to the new customer portal for speed and flexibility



We've successfully achieved a cultural shift with our people, now focusing on building only the things that we know have validated value to multiple users



Our technology is now scaled to fully support enterprise level roll outs and we had a customer deploy 30,000 DUs in one day in August.

Sales progress



Since the launch of our SaaS Analytics product in May, and a complete overhaul of both our vision and messaging we have made sales progress from what was essentially a standing start.

During an 8 week sprint we were able to create a systematic sales process (operating rhythm), that could reflect genuine revenue opportunity and more importantly guide the organisation towards overall pipeline health and how we could best manage that to ensure revenue conversion.

Our partner ecosystem, despite being in its infancy, has served us well, contributing consistently to over 75% of pipeline.

Industry tailwinds and supporting analyst commentary from both Gartner and Forrester have seen us build sales traction with c30 enterprise brands across Pharmaceuticals, Financial Services, Big 4 Consulting and Professional Services verticals with many of these moving through the early stages to a confirmed sales engagement within 45 days.

We're entering a phase of maturity where organisations will now push their requirements to a competitive 'Request For Proposal' (RFP) process.

Feedback on product continues to be extremely positive, and such is the importance of people, productivity and ESG that we continue to engage heads of transformation and C-Suite executives very early.

Sustainable sourcing

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

AWS is our primary data centre partner

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

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

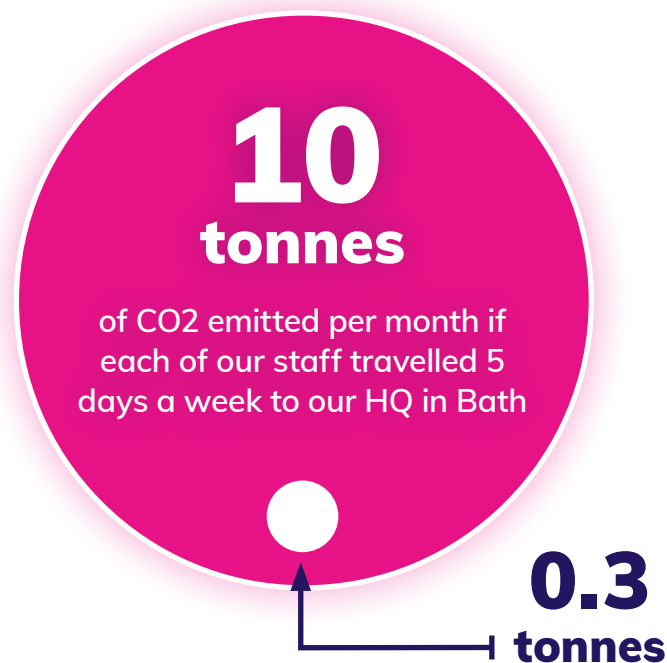
- During cooler months, outside air is directly supplied to the data centre without using any water.
- During the hottest months of the year, outside air is cooled through an evaporative process using water before being pushed into the server rooms, and AWS have optimised their cooling systems to minimise water usage.
- AWS has also demonstrated its commitment to water stewardship by using reclaimed or recycled water instead of potable water in multiple regions, and is working with local utilities to expand the use of reclaimed water.

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

AWS is reducing embodied carbon in the primary structural materials used in its data centres, concrete and steel. By reducing the cement content in concrete and sourcing steel from electric arc furnace mills, AWS can reduce the embodied carbon in the structure of its data centres by at least 20%. AWS is on the path for 100% renewables by 2025, carbon neutral across all of Amazon by 2040.

Applying our own technology to estimate CO2 Emissions for Actual employees commuting

As part of our commitment to a sustainable future, we've leveraged the data we get from our own Digital Users on employee machines across the business to track the estimated carbon emissions resulting from our people commuting to and from our office. In 2023, we'll use this data to inform our hybrid working policies.



Tracked CO2 emissions due to our teams commuting to the office in September 2022 as a result of our fully flexible hybrid working policy

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

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

(a) The likely consequences of any decision in the long term:

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

(b) The interests of the Company's employees:

Our employees are the main asset of the Company and their wellbeing and development are at the heart of our strategy for success. A priority for the Company continues to be the safety and wellbeing of its employees working both at home and in the office.

(c) The need to foster business relationships with suppliers, customers and others:

The Company regularly meets with key suppliers and customers to review operations and plans and explores mutually beneficial future actions.

(d) The impact of the Company's operations on the community and the environment:

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

(e) The Company's reputation for high standards of business conduct:

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

(f) The need to act fairly between members of the Company:

In making decisions, the Directors aim to strike a fair balance among all stakeholders.

21 STAKEHOLDER ENGAGEMENT

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

STAKEHOLDERS AND KEY TOPICS	HOW WE ENGAGE	OUTCOMES
Employees <ul style="list-style-type: none"> Transitioning to effective hybrid working arrangements Building effective internal communication channels, including regular 'town hall' and 'fireside' meetings. Optimising functional operating structures Feedback on employee engagement survey Company business plan and performance updates Cancelling 'under-water' share options and replacing with more attractively priced options Payroll-based share purchase scheme 	<p>Functional and Company-wide communications channels have been upgraded and we continue to review these for effectiveness. In the absence of face-to-face meetings for much of the year, emphasis has been placed on regular video conference meetings and use of Slack channels.</p> <p>We continue to solicit employee feedback on key issues through regular employee engagement surveys.</p> <p>A key employee retention measure is the Company-wide share option scheme. After consulting with shareholders and employees, the Company replaced existing highly priced options with options featuring a lower strike price.</p>	<ul style="list-style-type: none"> Evolution of operations to an effective combination of home and hybrid working. Development of new and engaging employee communication channels. Enhanced transparency and two-way communication. Improved employee morale and retention through attractively priced share options.
Channel Partners' End Users <ul style="list-style-type: none"> Partner and Customer input regarding development priorities Improved sales collateral and training materials Closer sales collaboration and marketing programmes Customer support 	<p>The Company prioritises regular and frequent meetings with Channel Partners and their enterprise customers. These meetings provide us with valuable feedback regarding market requirements and competitive issues.</p> <p>Both the Company and our Partners understand the critical importance of coordinated sales programmes and joint marketing activities. This ensures that we achieve our joint objective of providing a high level of service and support to enterprise customers.</p>	<ul style="list-style-type: none"> Increased engagement with Partners at a strategic level. Improved coordination with Partners regarding sales focus and messaging. Regular scheduled meetings with Partners to agree product development priorities.
Shareholders <ul style="list-style-type: none"> Group strategy Financial results Corporate governance 	<p>The Executive Chair, CEO, and CFO hold meetings with investors and analysts throughout the year, in particular following the release of the Group's annual and half-year results. Feedback from these meetings is shared with the Board.</p> <p>Shareholder views are sought in connection with significant matters and taken into account by the Board in reaching critical decisions, such as the cancellation and re-issue of share options.</p> <p>The AGM is an important opportunity for communication between the Board and shareholders, particularly private shareholders. All Directors attend the AGM and engage with shareholders both during and after the meeting.</p> <p>The Group's Annual Report and Financial Statements is available to shareholders in both hard copy form and online. All announcements and important documents are available on the Company's website, www.actual-experience.com.</p>	<ul style="list-style-type: none"> Communication styles vary to suit investor and potential investor preferences. Usually, the meetings are held in person, although videoconference calls are more typical in recent times. In all cases, the objective remains the same: to provide relevant and timely updates on the Company's progress. All material new information is made available to shareholders and potential shareholders at the same time.
Community <ul style="list-style-type: none"> Participation in local business meetings and initiatives Increased the scope and focus of our employee-led charity initiatives Participation in local charity and community events 	<p>Management regularly meets with local government and business groups to discuss shared objectives and plans.</p> <p>During the year, further progress was made in terms of environmental and social initiatives.</p> <p>Employees participated in several local challenges, including the Big Bath Sleep-Out and sponsored walk, and the Bath half-marathon.</p>	<ul style="list-style-type: none"> Continued support for local business initiatives, especially as they relate to the technology sector Maintaining visibility and a strong and positive presence in the local Bath community.

Develop an innovative Digital Workplace Management Platform (DWMP)	Make important changes to leadership and governance	Significantly reduce operating costs
<p>In making the decision we considered</p> <p>The need to ensure that the Company is well placed to develop a high-margin, long-term, recurring revenue stream by solving an important enterprise problem.</p> <p>Ensure that the Company develops a market leading SaaS product which addresses the enterprise need for access to relevant actionable data to effectively manage the transition to hybrid digital working.</p>	<p>In making the decision we considered</p> <p>The impact on the long-term sustainable success of our Company.</p> <p>Establish a leadership team that can execute the business strategy to dominate the rapidly emerging market sector for digital workplace management tools. At the same time, it is necessary to ensure that the Company evolves from a heritage of technology excellence to a market focused culture.</p>	<p>In making the decision we considered</p> <p>The need to reduce financial risk while maintaining necessary operational capabilities.</p> <p>Review the Company's organisation structure and cost base to derive operational efficiencies. In this way, financial risk is reduced by extending the Company's cash runway.</p>
<p>Stakeholder considerations</p> <p>Employees Our employees are energised by the challenge of building and selling the SaaS product and by the subsequent positive market feedback.</p> <p>Channel Partners Channel Partners have benefited from the development of a compelling solution that meets the strategic needs of their enterprise customers.</p> <p>Shareholders Shareholders have expressed their appreciation of the improved market focus of the Company's technology and its ability to access a rapidly growing market sector.</p>	<p>Stakeholder considerations</p> <p>Employees Employees have reacted positively to the new customer-focussed leadership and culture.</p> <p>Channel Partners Our existing Channel Partners are also supportive of the new team and this has helped to reinvigorate our relationships.</p> <p>Shareholders Shareholders have confirmed their approval of the establishment of a customer focussed leadership team and company culture.</p>	<p>Stakeholder considerations</p> <p>Employees While employees have been challenged at times by the reduction in headcount, they appreciate the need for change and the resulting improvement in the Company financial position.</p> <p>Channel Partners Channel Partners appreciate the on- going commitment to high levels of service and support while improving the Company's balance sheet.</p> <p>Shareholders Shareholders have confirmed their approval of the reduction in the Company's cost base and the resulting operating efficiencies.</p>
<p>Outcome</p> <p>The DWMP was developed during the year and reflects partner and enterprise feedback with regard to technical requirements. The market feedback to the DWMP has been extremely positive.</p>	<p>Outcome</p> <p>The new leadership team, together with changes to the Board, has brought a necessary market focus to the Company's operations, while creating new energy in the business.</p>	<p>Outcome</p> <p>In addition to its recent fundraise, the Company has improved its financial position by significantly reducing its costbase without adversely impacting its operation performance or capabilities.</p>

Revenue

Revenue recognised in the year ended 30 September 2022 was £1,182,956 (2021: £1,741,207) and relates to the supply of hybrid workplace Software-as-a-Service (SaaS) and associated consultancy services to customers. The reduction in revenue substantially arises from the non-renewal or cancellation of service for two legacy customers.

99% of revenue was derived from sales to Channel customers (2021: 99%) with the balance arising from direct sales.

Cost of sales and gross profit

The gross profit for the year was £338,052 (2021: £833,209); the decrease from the prior year is a result of lower revenues and the fixed cost element in data centre cloud costs. Included in cost of sales are data centre expenses of £518,151 (2021: £534,262), and salary and related costs of customer support teams totaling £326,753 (2021: £373,736).

Expenses

Administrative expenses comprising R&D, operational support, sales and marketing, finance and administration costs, and foreign exchange gains and losses, totalled £5,822,516, a decrease of £899,398 compared to the prior year. Most of this decrease is due to a non-recurring impairment charge in 2021, as well as the significant decrease in employee numbers in 2022 through a combination of planned reductions and attrition. This was partly offset by higher corporate costs, including audit fees and insurance premiums. The functional cost breakdown is as follows:

	2022 £	2021 £
Administrative expenses		
Research & development	1,735,384	2,131,682
Operational support	1,317,241	1,008,287
Sales & marketing	1,302,291	1,548,040
Finance & administration	1,468,617	1,209,945
Foreign exchange losses	(1,017)	3,850
Impairment to previously capitalised development spend	-	820,110
Total	5,822,516	6,721,914

Tax

The higher tax credit recognised in the current financial year has arisen from the R&D tax credit claim relating to the innovative development projects required for the Company's recently launched Digital Workplace Management Platform.

Loss for the year and net asset position

Losses after tax totalled £5,274,002 (2021: loss of £5,847,195). This decrease in losses is the result of lower administrative expenses, partly offset by lower revenues, as well as a higher tax credit in 2022.

Net assets at year end were £3,482,623 (2021: £8,835,936). See page 45 for details.

Loss per share

The loss per share for the year was 9.19p (2021: loss per share of 10.84p). The decrease in loss per share reflects the decrease in total comprehensive loss for the year.

Dividend

No dividend has been proposed for the year ended 30 September 2022 (2021: £nil).

Cash flow

We are investing in the growth of our operations to address what we believe to be a significant commercial opportunity and our cash flow from operations was therefore negative during the year ended 30 September 2022, in line with expectations.

The Group's costs are mostly operating related, with very little investment required for capital infrastructure. Cash used by operating activities was £4,500,771 for the year, compared to cash used of £3,145,093 for the year ended 30 September 2021, with the increase primarily arising from the lower level of revenues and lower R&D tax credits received. This operating cash requirement was funded by cash reserves. The Group ended the year with cash totalling £2,871,344 (2021: £8,216,198).

Free cash flow for the year was £(5,279,050) (2021: £(3,861,700)). Free cash flow is defined as net cash flows used in operating activities, plus development of intangible assets, plus purchase of property, plant and equipment.

Accounting policies

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

Principal risks and uncertainties and going concern

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

Other risks and uncertainties are summarised on pages 24 to 25.

Key performance indicators

As the Group is in the process of developing and commercialising its services, the Directors consider the key quantitative performance indicators to be sales revenues of £1,182,956 (2021: £1,741,207) and the level of cash held in the business of £2,871,344 (2021: £8,216,198). The Board performs regular reviews of actual results against budget, and management monitors cash balances on a monthly basis to ensure that the business has sufficient resources to enact its current strategy. Certain non-financial measures, such as the number of active customers and deployed DUs, are monitored on a monthly basis. The Board will continue to review the KPIs used to assess the business as it grows.

Steve Bennetts

Chief Financial Officer

26 January 2023

Risk management framework

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

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

Principal operational risks

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

DESCRIPTION OF RISK	MITIGATION OF RISK
<p>Technology ownership, change and competition</p> <p>Fundamental to the Group's business is a combination of patents and know-how. Our success will, in part, depend on our ability to maintain adequate protection of this intellectual property and know-how.</p> <p>Our revenue and profitability are affected by the extent to which there is increasing requirement for, and development by our competitors of, additional product features and capabilities. We make significant investments in new product development to address these requirements, and there can be no guarantee that we will be able to generate sufficient revenue to offset the associated development costs.</p> <p>There are also risks relating to difficulties and delays in the development process of new products and features, and their acceptance by customers. If a future competitor successfully launches new products or features which we are unable to match, then it is likely that we could lose market share with a corresponding impact on our operational results.</p>	<p>Product protection and innovation</p> <p>The Group retains the services of a leading patent attorney and ensures that all reasonable steps are taken to protect its patented technology. In addition, enhanced procedures have been introduced to ensure that critical know-how is identified and recorded, with appropriate controls over access to these records.</p> <p>We meet regularly with existing and prospective customers, as well as our commercial Partners, to constantly identify evolving customer needs and potential competitor advances. The resulting feedback informs our new product development priorities and helps to ensure that the Group maintains its technology leadership in the evolving digital workplace management sector. We focus our development efforts on features that meet an identified market requirement and are likely to generate sufficient revenue to fund their development. We have an established internal process for prioritising and reviewing our development projects.</p>
<p>Managing rapid growth</p> <p>The anticipated rapid growth of our business may place a significant strain on our management, operational, and financial resources. If we are unable to address this growth in a timely and profitable manner, as a result of not being able to recruit skilled employees or effectively scale our operations, there could be a material adverse impact on our financial position.</p>	<p>Investing in operational excellence</p> <p>The Board and management are continually reviewing and enhancing our internal controls and processes. A critical objective of this analysis is to ensure that capability to scale operations is a core consideration within each business function, and that all functions inter-operate efficiently as required to deliver and support our services at scale.</p>
<p>Acceptance of the Group's analytic services and pricing model</p> <p>The Group is at an early stage of development and its ultimate success will depend on the acceptance of its analytical services and pricing model by customers. Successful engagement with large Channel customers typically requires the completion of an extensive on-boarding process and the timescales for this are both lengthy and time-consuming.</p>	<p>Developing improved customer engagement practices</p> <p>Management has acquired considerable experience in partnering with large Channel customers and seeks to apply best practice learning to drive efficiencies and improve its operational capabilities.</p> <p>While maintaining its direct sales capability, the Group will continue to develop its channel partner programme to enable it to effectively service the complex requirements of large enterprises.</p>
<p>Adequacy of financial resources</p> <p>As more fully described in the Directors' Report and note 1(a)(v) to the financial statements, the amounts and timing of future revenues remain uncertain. If the Group is unable to secure an appropriate combination of new revenue contracts, cost reductions, and/or further sources of finance, then it may not have sufficient resources to meet its liquidity requirements for the foreseeable future. A material uncertainty exists which may cast significant doubt about its ability to continue as a going concern.</p>	<p>Expense control</p> <p>The Group will continue to rigorously manage its cash resources. Operating expenses are closely monitored and management will continue to assess the appropriate level of expenditure as the business develops.</p>

DESCRIPTION OF RISK	MITIGATION OF RISK
<p>Dependence on key executives and personnel and recruitment and retention of new talent</p> <p>The Group is dependent on its senior management and skilled technical personnel. Whilst much of the Group's know-how is documented, senior managers and members of the technical team each contribute valuable skills and know-how to the business and, despite contractual confidentiality agreements in favour of the Group, there can be no guarantee that those individuals will not join competitors or establish themselves in competition with the Group in the future.</p> <p>Failure to retain the services of any of these people may adversely affect the Group's ability to achieve its commercial objectives. In addition, as the Group continues to expand, it is essential that it is able to attract employees of a high calibre to drive its future success.</p>	<p>Developing the human resources function</p> <p>The HR function is leading new initiatives and enhancing existing processes with regard to recruitment activities, employment practices and staff benefits.</p> <p>In October 2022, and after consultation with shareholders, almost all previously issued options were cancelled and replaced by new share options with a lower exercise price, in order to improve employee retention.</p> <p>The Group has introduced share-based compensation as a critical element of its ability to attract, retain, and motivate key talent and will continue to issue options in accordance with its policy in this area. In particular, a Long Term Incentive Plan is in place and all employees are eligible to participate in this scheme. The Group has introduced a defined contribution pension scheme, health insurance, life insurance and other employee benefits, ensuring that the Group remains competitive with market practice. Investment will continue to be made in human resource systems and procedures to ensure compliance with legislation and effective interactions with employees.</p>
<p>Information security</p> <p>The Group relies upon the confidentiality, integrity, and availability of its IT systems, both internally and as part of its service offerings to customers. Cyber security attacks are occurring more frequently as well as becoming more sophisticated.</p> <p>A major cyber security event causing loss of availability or loss of customer data could limit the Group's operations, expose the Group to fines and cause reputational damage, as well as negatively impact customer relationships due to reduced credibility in the market.</p>	<p>Effective protection of information security and data integrity</p> <p>The Group has in place systems and processes for the classification and control of access to information within a number of areas of the business, and the security around access to Company information continues to be strengthened by the enforcement of enhanced security processes and practices. The level of monitoring performed of the production cloud infrastructure is reviewed regularly to identify any areas that require improvement. The Group is vigilant to security vulnerability announcements in the industry to ensure that any protective action is taken as soon as practicable. Information integrity is protected by regular off-site back-ups, and disaster recovery and business continuity plans are in place to ensure robust sustainability of operations.</p> <p>The Group has recently successfully completed a project to obtain ISO 27001 certification. This security standard specifies the requirements for establishing, implementing, maintaining and continually improving an information security management system.</p>
<p>Adverse economic conditions</p> <p>Due to the challenging general business environment, specifically weaker macroeconomic conditions and inflationary pressures, there may be deferred or reduced enterprise spend and capital investment by our potential customers.</p>	<p>Mitigation of risk</p> <p>As discussed on page 17, our clear focus is to continue to develop our pipeline of sales prospects and convert these as efficiently as possible. We are actively seeking to identify and qualify new opportunities to ensure we maximise our potential of winning new business.</p>

Pages 6 to 25 of this Annual Report and Accounts comprise the Strategic Report for the Group which has been prepared in accordance with Chapter 4A of part 15 of the Companies Act 2006.

Approved by the Board and signed on its behalf by:

Steve Bennetts

Director

26 January 2023

Committed to delivering long-term success



Kirsten English
Executive Chair

Appointed to Board:

January 2020

Independent:

No

Kirsten is currently an Independent Non executive Director at Euroclear UK (EUL) and Chairs the Nominations, Remuneration and Governance Committee. Previously, Kirsten has held executive roles in FTSE 25, SME and Private Equity businesses internationally including CEO and Chair assignments.

E A N R

Key strengths:

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



Steve Bennetts
CFO, Interim CEO

Appointed to Board:

February 2014

Independent:

No

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

E

Key strengths:

- Financial management
- Technology
- Growth management
- Business strategy



Stephen Davidson
Non-executive Director

Appointed to Board:

February 2014

Independent:

Yes

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

E A N R

Key strengths:

- Strategy development
- Corporate governance
- Technology
- Investment banking



Richard Steele
Non-executive Director

Appointed to Board:

June 2022

Independent:

Yes

Richard is currently CFO at Skillcast PLC and has over 30 years of experience in commercial and operational finance roles in the professional services, food and retail sectors, including 15 years in board-level roles. His career started at Tate & Lyle plc, where he qualified as an accountant and worked for ten years from 1989. Most recently, Richard was Chief Financial Officer of Mind Gym plc (AIM: MIND), from its AIM admission in 2018 until the end of 2021.

E A N R

Key strengths:

- Financial management
- Strategy development
- Corporate governance
- Technology



Harmesh Suniara
Non-executive Director

Appointed to Board:

October 2022

Independent:

No

Harmesh is a portfolio manager at Lombard Odier Asset Management (Europe) Limited which has a focus on active engagement with the companies in which it invests. He has been investing in UK smaller companies for over 15 years with a focus on the technology and life sciences sectors. Harmesh graduated in Physics from the University of Cambridge.

E

Key strengths:

- Capital markets
- Investor relations
- Strategy development
- Corporate governance

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



Kirsten English
Executive Chair

Chair's introduction to the Corporate Governance Report

Dear fellow shareholders

On behalf of the Board I am pleased to present the Actual Experience governance report for the year ending 30 September 2022.

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

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

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

S.172 Statement UK Companies Act 2006

The Board recognises its responsibilities to take into consideration the needs and concerns of all our stakeholders as part of our discussion and decision-making process. We strive to engage effectively with our shareholders, care for our employees, help our Channel Partners and their customers improve the human experience (HX) of their digital infrastructure, and support our wider communities. More details on how we engage with our stakeholders can be found in the Section 172(1) statement on page 20.

Kirsten English
Executive Chair

Board composition

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

Executive:

Steve Bennetts Chief Financial Officer,
Interim Chief Executive Officer

Non-executive:

Kirsten English Executive Chair
Stephen Davidson Non-executive Director
Richard Steele Non-executive Director
Harmesh Suniara Non-executive Director

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

Biographical details of the Directors, including a summary of their skills and membership of Board Committees, can be found on pages 26.

Independence of Non-executive Directors

The Board considers many criteria in assessing the independence of the Non-executive Directors including the criteria recommended by the Quoted Companies Alliance. The Executive Chair is not considered to be independent. Harmesh Suniara is also not considered to be independent as he is an employee of the Company's largest shareholder..

Board operation

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

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

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

Board meetings

The Board met nine times in the 2022 fiscal year. In addition, the Chair and Non-executive Directors communicate directly with the Executive Directors and senior management between formal Board meetings. The Board continued to review and assess the Group's strategy at meetings throughout the year.

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

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

	Board	Audit	Remuneration
Kirsten English	9/9	2/2	2/2
Stephen Davidson	9/9	2/2	2/2
Richard Steele (appointed 29 June 2022)	3/9	—	—
Harmesh Suniara (appointed 10 October 2022)	—	—	—
Steve Bennetts	9/9	2/2*	2/2*
Dave Page (resigned 20 September 2022)	9/9	2/2*	2/2*
Sir Bryan Carsberg (resigned 30 September 2022)	9/9	2/2	2/2

* Attended by invitation.

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

Conflicts of interest

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

Apart from discussions relating to the granting of share options to Directors and the level of Director fees and salary, the Board has received no notice from Directors of potential or actual conflicts of interest.

Reappointment of Directors

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

Insurance

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

Board Committees

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

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

Audit Committee

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

The Audit Committee report on page 32 contains more detail on the Committee's role.



Chair:
Richard Steele

Members:
Stephen Davidson
Kirsten English

Remuneration Committee

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

The Remuneration Committee report on page 33 contains more detail on the Committee's role.



Chair:
Stephen Davidson

Members:
Kirsten English
Richard Steele

Nominations Committee

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



Chair:
Kirsten English

Members:
Stephen Davidson
Richard Steele

Board performance

In January 2023 each Director completed a questionnaire designed to measure the effectiveness of Board performance. The consolidated results of this exercise were subsequently reviewed by the Board. While no major performance impairments were noted, several minor matters were identified for further attention.

It is intended that this exercise will be repeated in 2023 and any significant matters arising will be noted in the Annual Report.

Internal controls

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

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

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

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

Communication with shareholders and the AGM

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

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

The AGM offers a valuable opportunity to shareholders to meet and communicate with the Board. At the meeting the Board gives a business presentation which is followed by a question and answer session, offering shareholders an opportunity to question the Board on any matters affecting the Group's performance. The Chairs of the Audit, Remuneration and Nominations Committees are available at the AGM to answer questions. Details of the resolutions to be proposed at the AGM can be found in the Notice of Meeting on page 69. This Notice of Meeting has been circulated to shareholders and is on the Company's website.

Business ethics

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

Going concern

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

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









Kirsten English
Executive Chair

26 January 2023

30 STATEMENT OF COMPLIANCE WITH THE QCA CORPORATE GOVERNANCE CODE

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

Statement of Compliance with the QCA Corporate Governance Code

Governance principles		Explanation	Further reading
Deliver growth	1. Establish a strategy and business model which promotes long-term value for shareholders.	 <p>The Company's strategy and business model is designed to promote long-term value for shareholders and all stakeholders by establishing a leading position in the emerging field of optimisation of digital Human Experience.</p>	 <p>Further information regarding the Company's strategy and business model can be found on pages 7, 8, 9 and 15.</p>
	2. Seek to understand and meet shareholder needs and expectations.	 <p>The Company actively engages with shareholders throughout the year, through direct meetings, website and social medium communications, and stock exchange announcements.</p> <p>The Executive Chair, CEO and CFO meet with analysts and significant shareholders regularly throughout the year to provide an update on strategy and progress of the Group, and to receive shareholder feedback. The Company also uses the Annual General Meeting as an opportunity to engage directly with its shareholders.</p> <p>Company contact details are included on the Company's website and on all regulatory announcements.</p>	 <p>Please visit www.actual-experience.com/governance for further information regarding the Company's interaction with its shareholders.</p>
	3. Take into account wider stakeholder and social responsibilities and their implications for long-term success.	 <p>The Board considers relationships with the stakeholders of Actual Experience as fundamental to its success. It therefore focuses on building strong and sustainable relationships with a range of different stakeholders.</p> <p>A key stakeholder is the team of employees and it is key to the success of the Group they are well-supported and motivated. We have set out a clear Company culture, vision, and values which we believe are important in establishing a healthy working environment.</p> <p>In addition to its direct sales activities, the Group believes that sound and effective relationships with its Channel Partnerships are important to the success of its strategy. Regular meetings are held with these Partners to facilitate effective and transparent communications, and to ensure that their needs, as well as those of their corporate customers, are fully addressed.</p> <p>Regular meetings are also held with major suppliers of goods and services to the Group. In this way, effective working relationships and practices are fostered, and disputes or misunderstandings are kept to a minimum.</p> <p>The Group is proud of its relationship with the local business and social community in Bath and devotes time and resources to maintaining constructive engagement in the local region.</p>	 <p>Information regarding the Company's relationship with its shareholders and other stakeholders can be found on page 20 and 21.</p>
	4. Embed effective risk management, considering both opportunities and threats, throughout the organisation.	 <p>The Company is exposed to a number of potential risks which may have a material effect on its reputation, financial or operational performance.</p> <p>The Board is responsible for ensuring the Group has effective and sound systems of internal controls, which are designed to manage the risk of failure to achieve business objectives and provide reasonable assurance against material misstatements and loss. The Board, with the advice of the Audit Committee, reviews the effectiveness of the control systems during the year.</p> <p>An internal Risk Management Committee, under the leadership of the CFO, meets at least quarterly to ensure existing and emerging risks and threats are monitored and mitigated on a timely basis. The Committee regularly reports to the Audit Committee regarding its activities and areas of focus.</p>	 <p>More detail about the identified principal risks can be found on pages 24 and 25.</p>

Governance principles	Explanation	Further reading
Maintain a dynamic management framework	<p>5. Maintain the Board as a well-functioning, balanced team led by the Chair.</p> <p>✓ The composition and experience of the Board is shown in the Annual Report. The Board meets regularly and is supported by the Audit, Remuneration and Nominations Committees.</p> <p>A monthly detailed board report is produced, and meeting agendas and board papers are circulated in advance of each meeting, so that the Board can properly consider the matters to be discussed. Board members are also expected to make themselves available on an ad hoc basis for consultation if the need arises. The Company maintains minutes of formal and ad hoc Board and Committee meetings.</p> <p>The Non-executive Directors are appointed through formal non-executive appointment letters, which contain a three-month notice period as well as a stipulation that Directors will commit sufficient time to fully discharge their responsibilities. The Company has not had any issues with regard to regular non-attendance at meetings.</p> <p>Executive Directors have formal service contracts, which require them to work full-time in the business and have no other significant outside business commitments. These service contracts include a maximum of six months' notice to terminate.</p> <p>Each Director is required to stand for re-election at each Annual General Meeting.</p> <p>The Board is satisfied that it has a suitable balance between independence and knowledge of the business to allow it to discharge its duties and responsibilities effectively.</p>	<p>See pages 27 and 28.</p>
	<p>6. Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities.</p> <p>✓ The Board considers its size and composition to be suitable and to have an appropriate balance of sector, financial and public markets skills and experience, as well as a necessary balance of personal qualities and capabilities.</p> <p>Board members maintain their skillsets through their day-to-day roles and use external advisors to enhance knowledge where necessary. If any Director considers that additional training is required to fulfil their role, the Company will seek to provide such training as and when necessary.</p>	<p>www.actual-experience.com/governance</p>
	<p>7. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement.</p> <p>✓ The Board regularly considers and evaluates its own performance and effectiveness and that of the individual Directors and Board Committee members. The most recent Board Effectiveness Assessment was completed by all Directors in January 2023 and the results have been carefully analysed and communicated to the Board.</p>	<p>See page 29.</p>
	<p>8. Promote a corporate culture that is based on ethical values and behaviours.</p> <p>✓ The Board believes that the promotion of a corporate culture based on sound ethical values and behaviours is essential to creating a workplace environment that allows people to flourish and this will contribute to enhancing shareholder value. The management team, led by the CEO, maintains open and transparent channels of communication with all employees in order to promote values and behaviours which consistently reflect the Group's ethos, and to ensure that employees are aware of company developments and successes.</p>	<p>See page 29.</p>
	<p>9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board.</p> <p>✓ Whilst the Board is collectively responsible for defining corporate governance arrangements, the Chairman is ultimately responsible for corporate governance. The governance structures have been assessed by the Board and are considered appropriate for the size, complexity and risk profile of the Company. This will continue to be reviewed regularly by the Board to ensure governance arrangements continue to be appropriate as the Company changes over time.</p> <p>There is a formal schedule of matters reserved for the decision of the Board that covers the key areas of the Company's affairs. The schedule includes approval of the Annual Report and other financial statements, the adoption of the budget and business plans, material financial commitments, and the release of inside information.</p>	<p>See pages 27 and 28.</p>
Build trust	<p>10. Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.</p> <p>The Company is committed to open communications with all its shareholders. Communication is primarily through the Company's website and the AGM. Results from our AGM are announced via RNS, and historical announcements can be accessed via the RNS and News page of our investor website.</p>	<p>www.actual-experience.com/governance</p>



Richard Steele
Non-executive Director

Introduction

I am pleased to present the report of the Audit Committee, which provides a summary of the Committee's role and activities during the 2022 financial year. In summary, these activities help to ensure the interests of shareholders are protected and the Group's reporting is fair, balanced and understandable.

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

Richard Steele
Audit Committee Chair

26 January 2023

Members of the Committee

The Committee currently consists of three Non-executive Directors: Stephen Davidson, Kirsten English, and Richard Steele, its Chair. Sir Bryan Carsberg also sat on the Committee until his resignation from the Board and Committee on 30 September 2022. By invitation, meetings of the Committee may be attended by the CEO and the CFO. The Committee met twice in the year.

Of the three members of the Audit Committee, Richard Steele is a qualified accountant, Stephen Davidson has recent and relevant financial experience, and Kirsten English, having held several senior management positions, has a high level of financial literacy.

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

Duties

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

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

- review of the financial statements and Annual Report;
- consideration of the external audit report and management representation letter;
- going concern review;
- review of the 2022 audit plan and audit engagement letter;
- review of the risk management and internal control systems;
- review of the interim results; and
- meetings with the auditors with and without management present.

Role of the auditors

The Audit Committee monitors the relationship with the auditors, PwC LLP, to ensure that the auditors' independence and objectivity are maintained. PwC has served as the Group's external auditor for nine years. In accordance with good corporate governance practice, in December 2022 the Company and Group undertook

a tender process for the provision of its audit services for the year ending September 2023 onwards. Following this process, the Audit Committee recommended to the Board that Crowe UK LLP be appointed as the Company and Group's new external auditors. A resolution to appoint Crowe UK LLP as auditors will be proposed at the Annual General Meeting scheduled to be held in March 2023.

Audit process

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

Internal audit

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

Risk management and internal controls

As described on pages 24 and 25 of the Strategic Report, the Group has established a framework of risk management and internal control systems, policies and procedures. The Audit Committee is responsible for reviewing the risk management and internal control framework and ensuring that it operates effectively. During the year, the Committee has reviewed risk management and internal controls and is satisfied that they are operating effectively.

Whistleblowing

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



Stephen Davidson
Non-executive Director

Introduction

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

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

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

Stephen Davidson
Chair of the Remuneration Committee
26 January 2023

Remuneration Committee

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

Stephen Davidson chairs the Committee while Kirsten English and Sir Bryan Carsberg served on the Committee during the year. Attendance at the scheduled Committee meetings during the year was as follows:

Number of scheduled meetings	
Stephen Davidson (Chair)	2/2
Kirsten English	2/2
Sir Bryan Carsberg (resigned from the Committee 30 September 2022)	2/2
Richard Steele (appointed to the Committee 1 October 2022)	—
Steve Bennetts	2/2*
Dave Page	2/2*

* Attended by invitation

Remuneration Policy for Executive Directors and other senior managers

The Group's remuneration policy is to provide Executive Directors with a competitive market-based package in order to reward individual and Group performance and deliver outstanding shareholder returns. In determining the base annual salary, the Remuneration Committee takes into account several factors, including the current position, risk appetite, and development of the Group, the relative salary in comparison with other company employees, individual contribution and market salaries for comparable organisations.

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

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

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

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

Remuneration Policy for Non-executive Directors

Non-executive Directors are employed on letters of appointment which have an initial fixed term of three years and which may be terminated at any time by either party with three months' notice. Remuneration for Non-executive Directors is set by the Chairman and the Executive Members of the Board. Non-executive Directors do not participate in bonus schemes. Kirsten English, Stephen Davidson, and Richard Steele have each been awarded share options, as shown in the table below.

Share incentive schemes

The Group operates share option plans, under which Directors, senior management, and employees have been granted options to subscribe for ordinary shares. All options are equity-settled. In October 2022, and after consultation with its shareholders, almost all previously issued options were cancelled and replaced by new share options. The new options are subject to service conditions, have an exercise price of 10.0 pence and the vesting period is two years. If the options remain unexercised after a period of ten years from the date of grant, the options expire. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Long Term Incentive Plan

In June 2021, and after consultation with its shareholders, the Group introduced a Long Term Incentive Plan (LTIP) for all employees. Under the terms of the scheme, LTIP awards will be made annually, commencing in 2021. Awards will vest after three years, provided performance targets have been achieved. As the performance targets were not achieved in the 2022 fiscal years, no LTIP options vested.

Awards for Executive Directors are set at 100% of base salary and will vest 50% on absolute Total Shareholder Return (TSR) and 50% on a revenue growth target. For the 2022 grants, vesting on absolute annualised TSR growth of 15% to 35% will be required, measured with reference to the Company valuation on the date of grant. The TSR element will vest at the 20% level for performance at the bottom end of the target range rising, on a linear basis, to 100% vesting for the maximum performance. The revenue growth element will vest by reference to the revenue performance for the year ending September 2024.

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

Directors' remuneration (audited)

The remuneration of the Board of Directors of Actual Experience plc during the year ended 30 September 2022 was:

	Salary and fees £	Employer pension contributions £	Healthcare £	Bonus £	Total – year ended 30 September		LTIP schemes 2022 £	LTIP schemes 2021 £
					2022 £	2021 £		
Kirsten English ¹	45,500	—	940	—	46,440	27,000	—	—
Stephen Davidson	45,500	—	—	—	45,500	52,000	—	—
Richard Steele (appointed 29 June 2022)	7,215	—	—	—	7,215	—	—	—
Sir Bryan Carsberg (resigned 30 September 2022) ¹	33,000	—	—	—	33,000	27,000	—	—
Steve Bennetts ^{1,2}	138,173	36,600	1,377	—	176,150	156,609	12,759	5,224
Dave Page (resigned 20 September 2022) ^{1,2}	181,846	16,869	598	—	199,313	181,654	15,470	6,334
Total	451,234	53,469	2,915	—	507,618	444,263	28,229	11,558

1 In addition, certain Directors hold share option scheme interests in the Group. The fair value share-based payment charge recognised in the Consolidated Statement of Comprehensive Income attributable to these Directors is: Kirsten English £1,450 (2021: nil) and Richard Steele £159 (2021: nil). All other Directors' share options were fully expensed in prior years.

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

Directors' shareholdings

The interests of the Directors in the shares of the Company as at 30 September 2022, including family interests, were:

	Ordinary shares of 0.2p each	
	2022 Numbers	2022 %
Kirsten English	145,168	0.25%
Stephen Davidson	131,391	0.23%
Steve Bennetts	345,947	0.60%
Richard Steele (appointed 29 June 2022)	35,774	0.06%
Sir Bryan Carsberg (resigned 30 September 2022)	51,191	0.09%

Directors' interests in share options (audited)

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

	At 1 October 2021	Granted during year	At 30 September 2022	Exercise price	Vesting dates
Steve Bennetts	227,250	—	227,250	14.25 pence	2014 – 2017
Steve Bennetts	22,500	—	22,500	54.50 pence	2014 – 2017
Kirsten English	70,000	—	70,000	47.50 pence	2021 – 2023
Stephen Davidson	70,000	—	70,000	186.50 pence	2015 – 2017
Richard Steele (appointed 29 June 2022)	—	70,000	70,000	3.00 pence	2023 – 2025
Sir Bryan Carsberg (resigned 30 September 2022)	70,000	—	70,000	186.50 pence	2015 – 2017

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

Stephen Davidson

Chair of the Remuneration Committee

26 January 2023

The Directors present their report and audited consolidated financial statements of the Group and of the Company for the year ended 30 September 2022. These will be laid before the shareholders of the Company at the next Annual General Meeting (AGM).

General information and principal activities

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

The principal activities of the Group are the provision of hybrid workplace Software-as-a-Service (SaaS) and associated consultancy services. We work with business leaders and people-centric organisations to continuously analyse the human experience of the digital workplace. Further information can be found in the Strategic Report on pages 6 to 25.

Results and dividends

The results of the Group for the year ended 30 September 2022 are set out in the Consolidated Statement of Comprehensive Income on page 43.

The Directors do not propose payment of a dividend for the year ended 30 September 2022 (2021: nil).

Review of the year and future developments

A summary of the Group's progress and development is set out in the Chair's report and Chief Executive Officer's report, and the Financial Review, which form part of the Strategic Report on pages 6 to 25. This analysis includes comments on the position of the Group at the end of the financial year, an indication of likely future developments in the business of the Group and details of the Group's activities in the field of research and development.

Going Concern

As in previous years, the Group and Company have continued to utilise their cash resources to fund losses while the sales pipeline is being further developed. The Group's cash balance as at 30 September 2022 was £2.9m (30 September 2021: £8.2m) and further net proceeds of £2.8m were generated from the October 2022 Placing.

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

Based on the Group's latest "base case" assessment, and in the absence of cost reductions, the Group and Company is forecast to maintain positive cash reserves throughout the going concern period, albeit with very limited headroom for the period October 2023 through to March 2024. In addition, the Directors have also prepared a severe, but plausible downside scenario, based on significantly more pessimistic sales forecasts, with corresponding reductions in controllable costs. In this scenario, the Group and Company is forecast to run out of cash in January 2024 and as a result, without further sources of finance being identified and obtained, in such circumstances, the Group and Company would be unable to continue as a going concern.

Accordingly, a material uncertainty exists which may cast significant doubt about the Group's and the Company's ability to continue as a going concern. Nevertheless, after making appropriate enquiries and considering the assumptions and uncertainties described above, the Directors have a reasonable expectation that the Group and Company will have adequate resources to continue operating at least until January 2024. The Directors are regularly reviewing the Group and Company's sales projections and, if deemed necessary, will complete a study of the Group's strategic options at the appropriate time. Therefore, the Directors continue to adopt the going concern basis in preparing the financial statements.

The financial statements do not include any of the adjustments that would be required if the Group or Company were unable to continue as a going concern.

Research and development (R&D)

R&D spend in the year amounted to £1,806,965 (2021: £1,876,210) of which £761,456 (2021: £678,308) was capitalised. The amortisation charge during the year was £689,875 (2021: £933,780). Consequently the net charge to the income statement is £1,735,384 (2021: £2,131,682).

Post balance sheet event

As noted in Note 22, subsequent to the year end the Group raised from existing and new shareholders gross proceeds of £3,120,750 through a share placing at 2p per share.

Directors

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

- Kirsten English, Non-executive Chair.
- Stephen Davidson, Non-executive Director.
- Sir Bryan Carsberg, Non-executive Director (resigned 30 September 2022).
- Richard Steele, Non-executive Director (appointed 29 June 2022).
- Harmesh Suniara, Non-executive Director (appointed 10 October 2022).
- Steve Bennetts, Chief Financial Officer and Interim Chief Executive Officer
- Dave Page, Chief Executive Officer (resigned 20 September 2022).

Biographical details of each current Director are provided on page 26.

Directors' interests and indemnity arrangements

Directors' interests in the shares of the Company, including family interests, are disclosed in the Directors' remuneration report on pages 33, 34 and 35. No Director had, during or at the end of the year, a material interest in any contract which was significant in relation to the Group's business except in respect of service agreements, share options, and the Company's share purchase plan, as disclosed in the Directors' remuneration report.

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

Share capital

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

The share capital comprises one class of ordinary shares and these are listed on AIM. As at the date of this report, there are in issue 214,965,085 fully paid ordinary shares. All shares are freely transferable and rank pari passu in all respects, including voting and dividend rights.

Substantial shareholdings

As at 31 December 2022, shareholders holding more than 3% of the share capital of Actual Experience plc were as follows:

Name of shareholder	Number of shares	% of voting rights
Lombard Odier	57,228,347	26.66
Toscafund Asset Management	9,675,581	4.51
Premier Miton Investors (London)	8,290,718	3.87
M&G Investments	7,921,115	3.69

Save as referred to above, the Directors are not aware of any persons as at 31 December 2022 who were interested in 3% or more of the voting rights of the Company or could directly or indirectly, jointly or severally, exercise control over the Company.

Financial risk management objectives and policies

The Group's financial risk management objectives and policies are shown in Note 3 to the consolidated financial statements. The main risks arising from the Group's financial instruments are credit risk, liquidity risk, market risk, and capital risk, which are continuously monitored by the Board. The Group extends credit only to recognised creditworthy third parties, and trade receivable balances are monitored to minimise the Group's exposure to bad debts. Details of the Group's trade receivables are shown in Note 13 to the consolidated financial statements. The Group is currently debt free and therefore there is currently no interest rate risk'.

Employment policies

The Group is committed to keeping employees as fully informed as possible regarding the Group's performance and prospects and seeks their views, wherever possible, on matters which affect them as employees.

Annual General Meeting

The AGM will be held at Quay House, The Ambury, Bath, BA1 1UA at 11.00 am on 28 March 2023. On page 69 is the Notice of the AGM, which gives details of the resolutions to be proposed to shareholders.

Independent auditors

PwC has served as the Group's external auditor for nine years. In accordance with good corporate governance practice, in December 2022 the Company and Group undertook a tender process for the provision of its audit services for the year ending September 2023 onwards. Following this process, the Audit Committee recommended to the Board that Crowe UK LLP be appointed as the Company and Group's new external auditors. A resolution to appoint Crowe UK LLP as auditors will be proposed at the Annual General Meeting.

Disclosure of information to the auditors

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

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

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

Steve Bennetts

Chief Financial Officer and Company Secretary

26 January 2023

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the group and the company financial statements in accordance with UK-adopted international accounting standards.

Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

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

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

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

Steve Bennetts
Company Secretary

26 January 2023

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the group's and of the company's affairs as at 30 September 2022 and of the group's loss and the group's and company's cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Consolidated and Company Statements of Financial Position as at 30 September 2022; the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Cash Flows and the Consolidated and Company Statements of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the Group's and the Company's ability to continue as a going concern. The Group and Company have continued to utilise their cash resources to fund losses whilst the sales pipeline is further developed. At present, a substantial proportion of the forecast revenue remains uncommitted over the period to March 2024 and beyond and if the Group and Company is unable to secure an appropriate combination of new revenue contracts and / or cost reductions, then the Group and Company may not have sufficient resources to meet their liquidity requirements and be unable to continue as a going concern. In addition, the Group's and Company's severe but plausible downside forecast currently indicates the Group and Company will run out of cash in January 2024, and as a result, without further sources of finance being identified and obtained, in such circumstances, the Group and Company would be unable to continue as a going

concern. These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group and the Company were unable to continue as a going concern.

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

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

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

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

Our audit approach

Overview

Audit scope

- We have performed full-scope audit procedures in respect of the Company, Actual Experience plc.
- Our audit scope included limited desktop audit procedures on the subsidiary, Actual Experience Inc., which were performed by the Group engagement team.
- Our audit procedures covered 99% of the Group's loss before tax for the year ended 30 September 2022.
- All work has been performed by the Group engagement team.

Key audit matters

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

Our audit approach Continued

Materiality

- Overall group materiality: £272,000 (2021: £295,000) based on 5% of the loss before tax.
- Overall company materiality: £258,400 (2021: £280,000) based on a component allocation of Group materiality.
- Performance materiality: £204,000 (2021: £221,000) (group) and £193,800 (2021: £210,000) (company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

The key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Risk that internally generated intangible assets capitalised do not qualify for recognition and that costs previously capitalised may not be recoverable (group and parent)	We have audited the amounts capitalised in the year to ensure they meet the criteria for capitalisation set out in IAS 38. This included meeting with the client's technical project team to understand the nature of the relevant costs and to challenge whether the costs capitalised meet the criteria set out in IAS 38.
<i>We focus on this area because of the magnitude of the cumulative capitalised development expenditure of £968,780 and the risk that amounts capitalised may not be recoverable if future revenue growth is not realised.</i>	For the cumulative amounts capitalised, we considered and challenged management on the economic benefits expected to flow from the technology introduced as a result of the projects. We also considered the impact of climate related risks on the technology being developed.
<i>Furthermore, we note that judgement is applied by management to determine whether the costs that are capitalised in the year meet the criteria in IAS 38.</i>	Management demonstrated the existence of a market for the new technology developments, by providing the related customer agreements and the latest budgeted sales projections. This information was prepared on the basis that the Group and Company continue to operate on a going concern basis. The Directors have separately considered their rationale for that conclusion, as outlined in note 1, Summary of significant accounting policies, to the financial statements. We also draw attention to the existence of a material uncertainty included in our Audit Report.
<i>This risk is set out note 2, Critical accounting estimates and areas of judgement. See also note 12.</i>	We have evaluated the disclosures made in note 12, Intangible assets, to the financial statements, and the risks presented as at 30 September 2022 are adequately disclosed.

How we tailored the audit scope

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

Actual Experience plc is structured with one reporting component, Actual experience Inc. (Delaware, USA), reporting into the Company in the UK, Actual Experience plc.

Actual Experience Inc. does not require a local statutory audit. Actual Experience Inc. earned no external revenues in the year to 30 September 2022 and represents an insignificant portion of the cost base of the Group. As such, desktop review procedures were performed on the Actual Experience Inc. by the Group engagement team.

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

Materiality

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

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

	Financial statements - Group	Financial statements - Company
Overall materiality	£272,000 (2021: £295,000).	£258,400 (2021: £280,000)
How we determined it	5% of loss before tax	A component allocation of Group materiality
Rationale for benchmark applied	Based on the benchmarks used in the Annual Report, loss before tax is the primary measure used by the shareholders in assessing the performance of the Group and is a generally accepted auditing benchmark.	Since the materiality we would have employed to this entity on a standalone basis was in excess of the component allocation, materiality was capped at the component materiality allocation.

There was only one component in scope in the year, and the materiality allocated to the component was £258,400.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2021: 75%) of overall materiality, amounting to £204,000 (2021: £221,000) for the group financial statements and £193,800 (2021: £210,000) for the company financial statements.

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

We agreed with those charged with governance that we would report to them misstatements identified during our audit above £13,600 (group audit) (2021: £14,750) and £12,920 (company audit) (2021: £14,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Reporting on other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 30 September 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

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

- Enquiry with management around known or suspected instances of non-compliance with laws and regulations and fraud.
- Review of minutes of meetings of those charged with governance.
- Challenging assumptions made by management in its significant accounting estimates, in particular in relation to the capitalisation and recoverability of development costs.
- Identifying and testing the validity of journal entries, in particular any journal entries posted with unusual account combinations and consolidation journals.
- Designing audit procedures to incorporate unpredictability around the nature, extent and timing of our testing; and
- Reviewing financial statement disclosures.

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

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected. A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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

Other required reporting**Companies Act 2006 exception reporting**

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

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

We have no exceptions to report arising from this responsibility.

Stuart Couch (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Cardiff

26 January 2023

43 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Note	2022 £	2021 £
REVENUE	4	1,182,956	1,741,207
Cost of sales		(844,904)	(907,998)
GROSS PROFIT		338,052	833,209
Administrative expenses		(5,822,516)	(6,721,914)
OPERATING LOSS	5	(5,484,464)	(5,888,705)
Finance income	7	11,408	2,734
Finance expense	7	(23,391)	(27,285)
Finance expense – net		(11,983)	(24,551)
LOSS BEFORE TAX		(5,496,447)	(5,913,256)
Tax	8	222,445	66,061
LOSS FOR THE YEAR		(5,274,002)	(5,847,195)
Other comprehensive income/(expense):			
Items that may be reclassified to profit or loss:			
Foreign currency difference on translation of overseas operations		31,945	(19,314)
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR		(5,242,057)	(5,866,509)
LOSS PER ORDINARY SHARE			
Basic and diluted	9	(9.19)p	(10.84)p

44 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Note	Share capital £	Share premium £	Accumulated losses £	Total equity £
At 1 October 2020		95,284	34,768,349	(29,666,862)	5,196,771
Loss for the year		—	—	(5,847,195)	(5,847,195)
Other comprehensive expense for the year		—	—	(19,314)	(19,314)
Total comprehensive expense for the year		—	—	(5,866,509)	(5,866,509)
Transactions with owners, in their capacity as owners					
Issue of shares	17(a)	19,254	9,444,106	—	9,463,360
Share-based payment charge	20	—	—	42,314	42,314
At 30 September 2021		114,538	44,212,455	(35,491,057)	8,835,936
Loss for the year		—	—	(5,274,002)	(5,274,002)
Other comprehensive exchange income for the year		—	—	31,945	31,945
Total comprehensive expense for the year		—	—	(5,242,057)	(5,242,057)
Transactions with owners, in their capacity as owners					
Issue of shares	17(a)	832	28,935	—	29,767
Share based payment credit	20	—	—	(141,023)	(141,023)
At 30 September 2022		115,370	44,241,390	(40,874,137)	3,482,623

45 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Note	2022 £	2021 £
ASSETS			
Non-current assets			
Property, plant and equipment	10	35,249	48,879
Right-of-use assets	11	559,022	670,814
Intangible assets	12	968,780	897,199
TOTAL NON-CURRENT ASSETS		1,563,051	1,616,892
Current assets			
Trade and other receivables	13	281,866	584,819
Income tax receivable	8	220,117	44,103
Cash and cash equivalents	14	2,871,344	8,216,198
TOTAL CURRENT ASSETS		3,373,327	8,845,120
TOTAL ASSETS		4,936,378	10,462,012
LIABILITIES			
Non-current liabilities			
Deferred tax	8	(6,494)	(8,901)
Lease liabilities	11	(485,622)	(604,894)
TOTAL NON-CURRENT LIABILITIES		(492,116)	(613,795)
Current liabilities			
Trade and other payables	15	(842,366)	(897,041)
Lease liabilities	11	(119,273)	(115,240)
TOTAL CURRENT LIABILITIES		(961,639)	(1,012,281)
TOTAL LIABILITIES		(1,453,755)	(1,626,076)
NET ASSETS		3,482,623	8,835,936
EQUITY			
Share capital	17(a)	115,370	114,538
Share premium	17(a)	44,241,390	44,212,455
Accumulated losses	17(b)	(40,874,137)	(35,491,057)
TOTAL EQUITY		3,482,623	8,835,936

The financial statements on pages 43 to 68 were approved by the Board of Directors on 26 January 2023 and signed on its behalf by.

Kirsten English

Chair

Steve Bennetts

Chief Financial Officer

Company number: 06838738

46 CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Note	2022 £	2021 £
Cash flows from operating activities			
Loss before tax		(5,496,447)	(5,913,256)
Adjustments for:			
Depreciation of property, plant and equipment	10	27,260	48,413
Depreciation of right-of-use assets	11	111,792	111,792
Amortisation of intangible assets	12	689,875	933,780
Impairment of intangible assets	12	-	820,110
Loss/(Profit) on disposal of property, plant and equipment		3,485	(359)
Non-cash employee benefits – share-based payments (credit)/expense		(141,023)	42,314
Finance income		(11,408)	(2,734)
Finance expense		23,391	27,285
Operating cash outflow before changes in working capital		(4,793,075)	(3,932,655)
Decrease in trade and other receivables		302,953	94,827
(Decrease)/increase in trade and other payables		(54,673)	373,405
Cash used in operations		(4,544,795)	(3,464,423)
Income taxes received		44,024	319,330
Net cash outflow from operating activities		(4,500,771)	(3,145,093)
Cash flows from investing activities			
Development of intangible assets	12	(761,456)	(678,308)
Purchases of property, plant and equipment	10	(16,823)	(38,300)
Proceeds from sale of property, plant and equipment		-	363
Finance income	7	11,408	2,734
Net cash outflow from investing activities		(766,871)	(713,511)
Cash flows from financing activities			
Proceeds from issue of share capital, net of costs	17(a)	29,767	9,463,360
Principal element of lease payments		(115,239)	(138,630)
Interest element of lease payments		(23,391)	-
Employee Benefit Trust – repayment		-	(23)
Net cash (outflow)/inflow from financing activities		(108,863)	9,324,707
(Decrease)/increase in cash and cash equivalents		(5,376,505)	5,466,103
Effect of exchange rate fluctuations on cash held		31,651	(4,179)
Cash and cash equivalents at start of year		8,216,198	2,754,274
Cash and cash equivalents at end of year	14	2,871,344	8,216,198

1. Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements to the extent they are not disclosed in the other notes below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of Actual Experience plc and its subsidiary. The financial statements are audited financial statements for the year to 30 September 2022. These include comparatives for the year ended 30 September 2021.

1(a). Basis of preparation

Actual Experience plc is a public limited company which is listed on the AIM market of the London Stock Exchange, domiciled in the United Kingdom and incorporated in England. The Company's registered office is Quay House, The Ambury, Bath, BA1 1UA.

(i) Compliance with IFRS

The consolidated financial statements of the Actual Experience plc Group have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis.

(iii) New and amended standards adopted by the Group

No new or amended standards were adopted by the Group for the annual reporting period commencing 1 October 2021.

(iv) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 September 2022 reporting periods and have not been early-adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(v) Going concern

As in previous years, the Group and Company have continued to utilise their cash resources to fund losses while the sales pipeline is being further developed. The Group's cash balance as at 30 September 2022 was £2.9m (30 September 2021: £8.2m) and further net proceeds of £2.8m were generated from the October 2022 Placing.

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

Based on the Group's latest "base case" assessment, and in the absence of cost reductions, the Group and Company is forecast to maintain positive cash reserves throughout the going concern period, albeit with

very limited headroom for the period October 2023 through to March 2024. In addition, the Directors have also prepared a severe, but plausible downside scenario, based on significantly more pessimistic sales forecasts, with corresponding reductions in controllable costs. In this scenario, the Group and Company is forecast to run out of cash in January 2024 and as a result, without further sources of finance being identified and obtained, in such circumstances, the Group and Company would be unable to continue as a going concern.

Accordingly, a material uncertainty exists which may cast significant doubt about the Group's and the Company's ability to continue as a going concern. Nevertheless, after making appropriate enquiries and considering the assumptions and uncertainties described above, the Directors have a reasonable expectation that the Group and Company will have adequate resources to continue operating at least until January 2024. The Directors are regularly reviewing the Group and Company's sales projections and, if deemed necessary, will complete a study of the Group's strategic options at the appropriate time. Therefore, the Directors continue to adopt the going concern basis in preparing the financial statements.

The financial statements do not include any of the adjustments that would be required if the Group or Company were unable to continue as a going concern.

1(b). Basis of consolidation

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

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

1(c). Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker.

1(d). Foreign currency translation**(i) Presentational currency**

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

(ii) Group companies

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

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

1. Summary of significant accounting policies continued

(iii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

1(e). Revenue recognition

Revenue is recognised at transaction price which is based on the price per contract, stated net of VAT and other sales-related taxes. Payment terms are typically 60 to 90 days. The Group primarily earns revenues from hybrid workplace Analytics as a Service and associated consultancy services.

The Group recognises revenue in accordance with the principles of IFRS 15.

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

The difference between the amount of revenue recognised and the amount invoiced to a particular customer is included in the Consolidated Statement of Financial Position as deferred or accrued income as appropriate. Amounts included in deferred income are expected to be recognised within one year and are included within current liabilities. A contract asset is recognised if the Group recorded revenue for fulfilment of a contractual performance obligation before the customer paid consideration or before – irrespective of when payment is due – the requirements for billing and thus the recognition of a receivable exist. A contract liability must be recognised when the customer paid consideration or a receivable from the customer is due before the Group fulfilled a contractual performance obligation and thus recognised revenue.

1(f). Internally generated intangible assets – research and development (R&D) expenditure

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

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

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

Expenses for research and development include associated wages and salaries, material costs and directly attributable overheads.

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

Intangible assets that are subject to amortisation are reviewed by management at the end of each financial year and at the half-year point. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash flows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

1(g). Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is charged so as to write off the costs of assets over their estimated useful lives, on the following basis:

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

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

Impairment of property, plant and equipment

At each period end, the Group reviews the carrying amounts of its property, plant and equipment assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

1. Summary of significant accounting policies continued**1(h). Financial instruments**

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

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

(i) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost. Appropriate provisions for estimated irrecoverable amounts are recognised in the Consolidated Statement of Comprehensive Income when there is objective evidence that the assets are impaired. Credit terms to customers are typically 30 to 90 days.

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

The expected loss rates are based on the payment profiles of sales over a period of 12 months before 30 September 2022 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

(ii) Cash and cash equivalents

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

(iii) Equity instruments

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

(iv) Trade and other payables

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

(v) Investments

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

1(i). Current and deferred tax

The tax expense/(credit) represents the sum of the tax currently payable or recoverable and the movement in deferred tax assets and liabilities. Current tax is based upon taxable profit/(loss) for the year. Taxable profit/(loss) differs from net profit/(loss) as reported in the Consolidated Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

The Group's liability or receivable for current tax is calculated by using tax rates that have been enacted or substantively enacted by the reporting date.

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

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

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the profit nor the accounting period.

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

1(j). Leases

The accounting policy for leases is described in Note 11.

1(k). Investment in subsidiary company (Company)

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

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

1. Summary of significant accounting policies continued**1(l). Employee benefits****(i) Short-term obligations**

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

(ii) Post-employment obligations

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

(iii) Share-based payments

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

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

The fair value of share options is determined using a Black-Scholes model, taking into consideration the Directors' best estimate of the expected life of the option or where there are market-based performance conditions, the Monte Carlo model.

1(m). Equity-settled share-based payments

The estimation of share-based payment costs requires the selection of an appropriate valuation method, consideration as to the inputs necessary for the valuation model chosen and the estimation of the number of awards that will ultimately vest. Inputs subject to judgement relate to the future volatility of the share price of comparable companies, the Group's expected dividend yields, risk-free interest rates and expected lives of the options. The Directors draw on a variety of sources to aid in the determination of the appropriate data to use in such calculations. Information relating to the equity-settled share based payment schemes is detailed in Note 20.

1(n). Recoverability of deferred tax assets

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

1(o). Exceptional items

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

2. Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and assumptions that have the most significant effects on the carrying amounts of the assets and liabilities in the financial information are discussed below.

Going Concern

Despite the material uncertainty described in Note 1(a)(v) above, the Directors are of the view that there is a reasonable expectation that the Group and Company will have adequate resources to continue operating to at least January 2024. Therefore, the Directors continue to adopt the going concern basis in preparing the financial statements and the financial statements do not include any of the adjustments that would be required if the Group or Company were unable to continue as going concerns.

Research and development costs

The assessment of when development expenditure meets the recognition criteria required for capitalisation requires judgement as to the technical feasibility and commercial viability of products and ideas that are under development. These judgements are subjective and, to the extent that actual circumstances differ, there can be an increase or decrease in the amount of expenditure expensed to the Consolidated Statement of Comprehensive Income. In the current financial year £1,735,384 was expensed (2021: £2,131,682). Additions to the capitalised intangible during the year amounted to £761,456 (2021: £678,308).

Further judgment is applied during bi-annual management impairment reviews, when the carrying values of assets may be reduced or fully written down if they are no longer deemed to be commercially viable. There were no additional impairment charges recognised by management in the year.

When development expenditure is capitalised, the Directors also make a judgement in respect of the expected useful lives of the intangible development costs and an appropriate amortisation charge is made. The useful economic life of the development costs is two years. A one-year reduction in the period over which such development costs are amortised would have increased loss before income tax by £288,350 (2021: £1,378,806). A one-year increase in the period over which such development costs are amortised would have reduced loss before income tax by £143,452 (2021: £222,267).

3. Financial risk management

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

3. Financial risk management continued

The Group is exposed to the following financial risks:

- Credit risk
- Liquidity risk
- Market risk
- Capital risk

It should be noted that the same policy is applied to the Company as is applied to the Group. To the extent that financial instruments are not carried at fair value in the Consolidated Statement of Financial Position, book value approximates to fair value at 30 September 2021 and 30 September 2022.

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

(i) Credit risk

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

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

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

At 30 September 2022, the Group's trade receivables balance was £22,858 (30 September 2021: £219,030). The carrying amount of financial assets recorded in the financial statements represents the Group's maximum exposure to credit risk. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. In the Directors' opinion, there has been no impairment of financial assets at any point during the year.

No collateral is held by the Group as security in relation to its financial assets. The Directors consider the above measures to be sufficient to control the credit risk exposure. See also note 1(h)

(ii) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

This risk is managed by ensuring that sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The Group's cash is held in bank accounts with notice periods no greater than three months and management continually monitors rolling cash flow forecasts to ensure sufficient cash is available for anticipated cash requirements.

At 30 September 2022, the Group had £2,871,344 (30 September 2021: £8,216,198) of cash and cash equivalents.

(iii) Market risk

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

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

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

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

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

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

(iv) Capital risk management

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

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

The Group's capital is made up of share capital, share premium and accumulated losses totalling, at 30 September 2022: £3,482,623 (30 September 2021: £8,835,936).

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

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

4. Revenue

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

During the year ended 30 September 2022 the Group had two customers who generated more than 10% of total revenue. These customers generated 50% and 47% of revenue respectively.

During the year ended 30 September 2021 the Group had two customers who generated more than 10% of total revenue. These customers generated 79% and 20% of revenue respectively.

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

	2022 £	2021 £
United Kingdom	627,300	387,212
United States of America	555,656	1,353,995
	1,182,956	1,741,207

5. Operating loss

	Note	2022 £	2021 £
Loss from operations is stated after charging/(crediting):			
Depreciation on property, plant and equipment	10	27,260	48,413
Depreciation of right-of-use assets	11	111,792	111,792
Amortisation of intangible assets	12	689,875	933,780
Employee costs	6	4,082,186	3,948,871
Foreign exchange (profits)/losses		(1,017)	3,850
Impairment charge	12	-	820,110
Auditors' remuneration:			
– Audit of these financial statements		90,000	51,720
Total auditors' remuneration		90,000	51,720

6. Employee costs

	2022 Number	2021 Number
The average monthly number of persons (including Directors) employed by the Group during the year was:		
Directors	5	5
Sales and support	31	34
Software development	22	24
Administration	7	9
	65	72

	2022 £	2021 £
The aggregate remuneration, including Directors, comprised:		
Wages and salaries	4,106,945	3,807,206
Social security costs	491,498	427,538
Other pension costs	386,222	350,121
Share-based (credit)/expense (Note 20)	(141,023)	42,314
	4,843,642	4,627,179
Directors' remuneration comprised:		
Emoluments for qualifying services	507,618	444,263

Directors' emoluments disclosed above include £199,313 paid to the highest paid Director (2021: £181,654); which includes £16,869 paid under a defined contribution scheme (2021: £14,833).

The Remuneration Report on pages 33 to 35 details Directors' interests in share options.

Included within total employee costs of £4,843,642 (2021: £4,627,179) is £761,456 (2021: £678,308) which has been capitalised within development costs in accordance with IAS 38 (see Note 12). The remaining £4,082,186 (2021: £3,948,871) has been expensed in the Consolidated Statement of Comprehensive Income.

7. Finance income and expense

	2022 £	2021 £
Finance income		
Bank interest receivable	11,408	2,734
Finance expense		
Interest payable for lease liabilities	(23,391)	(27,285)
Net finance expense	(11,983)	(24,551)

8. Tax**Tax on loss**

	2022 £	2021 £
Current tax:		
UK corporation tax on losses of the year	(220,117)	(63,705)
Overseas taxes	79	(4,178)
Deferred tax:		
Origination and reversal of timing differences	(2,407)	1,822
Total tax credit	(222,445)	(66,061)

Factors affecting the current tax credits

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

	2022 £	2021 £
Loss before tax	(5,496,447)	(5,913,256)
Tax at the UK corporate tax rate of 19% (2021: 19%)	(1,044,325)	(1,123,519)
Effects of:		
(Incomes)/expenses not deductible for tax purposes	124,737	189,985
Unrecognised deferred tax asset on losses	773,509	897,765
Research and development enhancement in respect of the current year	(76,366)	(864)
Prior year adjustment	-	(19,602)
Employee share acquisition adjustment	-	(9,826)
Tax credit for the year	(222,445)	(66,061)

The Group has tax losses carried forward of approximately £43,450,000 (2021: £39,474,000).

The Group has incurred qualifying expenditure on research and development projects which has given rise to tax credits due from HM Revenue and Customs. At 30 September 2022, the amount due from HMRC was £220,117 (2021: £44,103).

Deferred tax

Deferred tax relates to the following:

	2022 £	2021 £
Accelerated depreciation for tax purposes	6,494	8,901
Deferred tax liability	6,494	8,901

Reconciliation of deferred tax liabilities

	2022 £	2021 £
Balance at the beginning of the year	8,901	7,079
(Credit)/charge to the Consolidated Statement of Comprehensive Income	(2,407)	1,822
Balance at the end of the year	6,494	8,901

Unrecognised deferred tax assets/(liabilities)

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

	Tax losses £	Lease liabilities £	Right-of-use assets £	Total £
At 1 October 2021				
Deferred tax asset	9,868,500	180,033	—	10,048,533
Deferred tax liability	—	—	(167,704)	(167,704)
Net unrecognised asset/(liability)	9,868,500	180,033	(167,704)	9,880,829
	Tax losses £	Lease liabilities £	Right-of-use assets £	Total £
At 30 September 2022				
Deferred tax asset	10,862,500	151,224	—	11,013,724
Deferred tax liability	—	—	(139,756)	(139,756)
Net unrecognised asset/(liability)	10,862,500	151,224	(139,756)	10,873,968

The Group has not recognised the net deferred tax asset in respect of tax losses in the Consolidated Statement of Financial Position due to the uncertainty in the timing of when future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. The amount disclosed for the unrecognised deferred tax asset as at 30 September 2021 above has been restated to reflect the 25% corporation tax rate that will be effective from April 2023. The 2022 balance has been calculated at 25%. The Group has not recognised the net deferred tax asset of £11,468 (2021: £12,329) arising on the recognition of right-of-use assets and the associated lease liability following the adoption of IFRS 16 on the basis that it is not material. The amount disclosed for the unrecognised deferred tax asset as at 30 September 2021 above has been restated to calculate at 25% as it was previously calculated at 19%. The 2022 balance has been calculated at 25%.

9. Loss per ordinary share

Basic loss per share is calculated by dividing the loss attributable to the owners of the parent by the weighted average number of ordinary shares in issue during the year. Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares in issue during the year to assume conversion of all dilutive potential ordinary shares. The Company has one class of potentially dilutive ordinary shares, being those share options granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the year. However, due to losses incurred in both the current and previous financial year, there is no dilutive effect from the potential exercise of these dilutive shares.

	2022 £	2021 £
Total loss attributable to the equity holders of the parent	(5,274,002)	(5,847,195)
	No.	No.
Weighted average number of ordinary shares in issue during the year	57,400,891	53,911,253
Loss per share		
Basic and diluted on loss for the year	(9.19)p	(10.84)p

10. Property, plant and equipment

	Leasehold improvements £	Fixtures, fittings and equipment £	Computer equipment £	Total £
Cost				
At 1 October 2020	173,909	87,207	342,758	603,874
Additions	—	1,738	36,562	38,300
Disposals	—	—	(1,842)	(1,842)
Foreign currency translation differences	—	—	(248)	(248)
At 30 September 2021	173,909	88,945	377,230	640,084
Additions	—	1,033	15,790	16,823
Disposals	—	(719)	(22,489)	(23,208)
Foreign currency translation differences	—	—	1,422	1,422
At 30 September 2022	173,909	89,259	371,953	635,121
Accumulated depreciation				
At 1 October 2020	152,218	69,365	323,294	544,877
Charge for the year	21,080	11,920	15,413	48,413
Disposals	—	—	(1,842)	(1,842)
Reclassification	—	114	(114)	—
Foreign currency translation differences	—	—	(242)	(242)
At 30 September 2021	173,298	81,399	336,509	591,206
Charge for the year	611	4,511	22,138	27,260
Disposals	—	(635)	(19,088)	(19,723)
Foreign currency translation differences	—	—	1,129	1,129
At 30 September 2022	173,909	85,275	340,688	599,872
Net book value				
At 30 September 2022	—	3,984	31,265	35,249
At 30 September 2021	611	7,546	40,721	48,878

11. Leases

This note provides information where the Group is a lessee.

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

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

	2022 £	2021 £
Right-of-use assets		
Buildings	559,022	670,814
Total	559,022	670,814
	2022 £	2021 £
Lease liabilities		
Current	119,273	115,240
Non-current	485,622	604,894
Total	604,895	720,134

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

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

	2022 £	2021 £
Depreciation charge for right-of-use assets		
Buildings	111,792	111,792
Total	111,792	111,792
Interest expense (included in finance cost)	23,391	27,285

The total cash outflow for leases in 2022 was £138,630 (2021: £138,630).

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

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

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

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

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

To determine the incremental borrowing rate, the Group has used rates obtained from its principal bankers. The Group is exposed to potential future increases in variable lease payments based on rent reviews which are not included in the lease liability until they take effect. When adjustments to lease payments take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

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

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

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

12. Intangible assets

	Development costs £
Cost	
At 1 October 2020	5,440,883
Additions	678,308
At 30 September 2021	6,119,191
Additions	761,456
At 30 September 2022	6,880,647
Accumulated amortisation and impairment losses	
At 1 October 2020	3,468,102
Charge for the year	933,780
Impairment charge	820,110
At 30 September 2021	5,221,992
Charge for the year	689,875
On disposals	—
At 30 September 2022	5,911,867
Net book value	
At 30 September 2022	968,780
At 30 September 2021	897,199

12. Intangible assets continued

Amortisation and impairment charge

The amortisation of development costs is recognised within administrative expenses in the Consolidated Statement of Comprehensive Income. The Directors have reviewed the carrying value of the development costs at 30 September 2022 and have decided that no impairment charges are necessary for the current year (2021: impairment charge of £820,110).

13. Trade and other receivables

	2022 £	2021 £
Trade receivables	22,858	219,030
Other receivables	51,729	84,157
Loan to Employee Benefit Trust	65,168	65,168
Prepayments and accrued income	142,111	216,464
	281,866	584,819

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

There are no provisions for impairment losses in respect of trade and other receivables. There are no trade receivables past due and not impaired and there is no provision for impaired receivables in either 2022 or 2021. The credit quality of those trade receivables not past due and not impaired is considered good. The Directors believe that the carrying value of trade and other receivables represents their fair value. In determining the recoverability of trade receivables, the Board considers any change in the credit quality of the receivable from the date credit was granted up to the reporting date. For details on credit risk management policies, refer to Note 3(i).

14. Cash and cash equivalents

Bank credit rating:	2022 £	2021 £
A+	811,068	—
A	2,060,276	5,215,643
A-	—	3,000,555
Cash and cash equivalents	2,871,344	8,216,198

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

All of the Group's cash and cash equivalents at 30 September 2022 are held in instant access current accounts or short-term deposit accounts. Balances are denominated in UK sterling (£) and US dollars (\$) as follows:

	2022 £	2021 £
Denominated in UK sterling	2,786,716	7,161,566
Denominated in US dollars	84,628	1,054,632
Cash and cash equivalents	2,871,344	8,216,198

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

15. Trade and other payables

	2022 £	2021 £
Trade payables	163,462	236,893
Other tax and social security	111,583	135,080
Other creditors	188,349	48,513
Accruals	125,098	161,332
Deferred income	253,874	315,223
	842,366	897,041

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

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

15. Trade and other payables continued

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

16. Financial instruments

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

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

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

Financial assets

The Group held the following financial assets:

	2022 £	2021 £
Due within three months		
Cash and cash equivalents	2,871,344	8,216,198
Trade receivables	22,858	219,030
Loan to Employee Benefit Trust	65,168	65,168
Other receivables	8,313	36,330
	2,967,683	8,536,726

Financial liabilities

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

	2022 £	2021 £
Non-derivative financial liabilities		
Due within one year		
Trade payables	163,462	236,893
Lease liabilities	119,273	115,240
Other payables	313,447	209,845
Total due within one year	596,182	561,978
Due between one and two years		
Lease liabilities	123,404	119,273
Total due between one and two years	123,404	119,273
Due between two and five years		
Lease liabilities	362,218	383,410
Total due between two and five years	362,218	383,410
Due after five years		
Lease liabilities	-	102,211
Total due after five years	-	102,211
Total financial liabilities	1,081,804	1,166,872

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

FOR THE YEAR ENDED 30 SEPTEMBER 2022

17. Equity**17(a). Share capital and share premium**

	2022 Number of shares	2021 Number of shares	2022 £	2021 £
Ordinary shares				
Fully paid	57,685,018	57,269,321	44,356,760	44,326,993
Total share capital and share premium	57,685,018	57,269,321	44,356,760	44,326,993

Movements in ordinary shares

	Number of shares	Share capital £	Share premium £	Total £
Details				
Opening balance at 1 October 2020	47,642,124	95,284	34,768,349	34,863,633
Issue of shares from placing	9,523,810	19,047	9,980,953	10,000,000
Issue of shares from exercises of share options	65,300	131	5,806	5,937
Issue of shares from employee share schemes	38,087	76	41,391	41,467
Costs of share issue	—	—	(584,044)	(584,044)
Balance at 30 September 2021	57,269,321	114,538	44,212,455	44,326,993
Issue of shares from employee share schemes	415,697	832	35,435	36,267
Costs of share issue	—	—	(6,500)	(6,500)
Balance at 30 September 2022	57,685,018	115,370	44,241,390	44,356,760

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

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

17(b). Accumulated losses

The movement in accumulated losses is as follows:

	2022 £	2021 £
Balance at 1 October	(35,491,057)	(29,666,862)
Loss for the year	(5,274,002)	(5,847,195)
Items of other comprehensive expense recognised directly in accumulated losses	31,945	(19,314)
Share-based payment (credit)/charge	(141,023)	42,314
Balance at 30 September	(40,874,137)	(35,491,057)

18. Cash flow information**Net funds reconciliation**

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

	2022 £	2021 £
Net funds		
Cash and cash equivalents	2,871,344	8,216,198
Lease liabilities	(604,895)	(720,134)
Net funds	2,266,449	7,496,064
Cash and cash equivalents	2,871,344	8,216,198
Gross debt – variable interest rates	(604,895)	(720,134)
Net funds	2,266,449	7,496,064

	Leases £	Cash £	Total £
Net funds at 1 October 2020	(831,479)	2,754,274	1,922,795
Cash flows	138,630	5,466,103	5,604,733
Foreign exchange adjustments	—	(4,179)	(4,179)
Other changes	(27,285)	—	(27,285)
Net funds at 30 September 2021	(720,134)	8,216,198	7,496,064
Cash flows	138,630	(5,376,505)	(5,237,875)
Foreign exchange adjustments	—	31,651	31,651
Other changes	(23,391)	—	(23,391)
Net funds at 30 September 2022	(604,895)	2,871,344	2,266,449

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

FOR THE YEAR ENDED 30 SEPTEMBER 2022

19. Commitments**19(a). Capital commitments**

The Group had no capital commitments at 30 September 2022 (2021: none).

19(b). Non-cancellable operating leases

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

20. Share-based payments**EMI, Unapproved and Company Share Option Plan Schemes**

The Company has Share Option Plan Schemes (CSOPs) under which it grants options over ordinary shares to certain employees. Options are exercisable at a price equal to the estimated market price of the Company's shares on the date of the grant. The vesting period for shares is usually four years with the only vesting condition being the continued employment of the option holder. The options are settled in equity once exercised. If the options remain unexercised for a period after ten years from the date of grant, the options expire. Options are forfeited if the employee leaves the Group before the options vest.

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

	Number of share interests				Weighted average exercise price per share (pence)
	EMI options	Unapproved options	CSOP options	Total	
At 1 October 2020	995,550	325,000	232,500	1,553,050	174.55
Granted in the year	82,500	—	80,000	162,500	110.17
Exercised in the year	(65,300)	—	—	(65,300)	9.09
Forfeited in the year	(66,500)	—	(10,000)	(76,500)	244.6
At 30 September 2021	946,250	325,000	302,500	1,573,750	171.36
Granted in the year	30,000	70,000	—	100,000	25.35
Exercised in the year	—	—	—	—	—
Forfeited in the year	(240,000)	—	(132,500)	(372,500)	211.31
At 30 September 2022	736,250	395,000	170,000	1,301,250	148.71

There were 1,066,666 share options outstanding at 30 September 2022 (30 September 2021: 1,238,258), which were eligible to be exercised. The remaining options were not eligible to be exercised as these are subject to employment period vesting conditions, some of which had not been met at 30 September 2022.

Options have a range of exercise prices from 3.00 pence per share to 302.5 pence per share and have a weighted contractual life of 4.01 years. Details of the outstanding share options are given below:

Grant date	Employees entitled	Number of options	Performance conditions	Exercise price (p)	Earliest exercise date	Expiry date
01/10/2013	1	227,250	Time served	14.255	01/10/2014	01/10/2023
23/12/2013	1	22,500	Time served	54.500	01/10/2014	23/12/2023
09/07/2014	2	140,000	Time served	186.500	09/07/2015	09/07/2024
15/09/2014	2	80,000	Time served	184.000	06/01/2015	15/09/2024
24/10/2014	1	50,000	Time served	175.000	24/10/2015	24/10/2024
29/05/2015	2	80,000	Time served	207.500	25/11/2015	29/05/2025
29/06/2015	3	45,000	Time served	212.500	29/05/2016	29/06/2025
24/07/2015	1	30,000	Time served	212.500	08/06/2016	24/07/2025
14/10/2015	4	70,000	Time served	262.500	17/08/2016	14/10/2025
07/03/2016	1	15,000	Time served	277.500	16/11/2016	07/03/2026
19/01/2017	7	75,000	Time served	277.500	20/06/2017	19/01/2027
24/05/2017	3	35,000	Time served	302.500	01/01/2018	24/05/2027
31/10/2017	3	20,000	Time served	270.000	31/10/2017	31/10/2027
18/01/2018	4	24,000	Time served	299.000	03/04/2018	18/01/2028
04/06/2018	2	10,000	Time served	275.000	04/09/2018	04/06/2028
04/10/2018	4	22,500	Time served	270.000	11/06/2019	04/10/2028
15/01/2019	3	20,000	Time served	210.000	06/11/2019	15/01/2029
17/05/2019	6	57,500	Time served	185.000	17/05/2019	17/05/2029
01/10/2019	1	10,000	Time served	112.000	23/09/2020	01/10/2029
27/02/2020	3	85,000	Time served	47.500	04/11/2020	27/02/2030
12/10/2020	1	25,000	Time served	97.500	02/03/2021	12/10/2030
02/03/2021	4	32,500	Time served	119.000	02/02/2022	02/02/2031
01/07/2021	4	25,000	Time served	110.000	12/04/2022	01/07/2031
14/10/2021	1	30,000	Time served	77.500	04/10/2022	14/10/2031
29/06/2022	1	70,000	Time served	3.000	29/06/2023	29/06/2032
Outstanding		1,301,250				

20. Share-based payments continued

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

	Granted on 14 October 2021	Granted on 29 June 2022
Share price at date of award	77.50p	3.00p
Exercise price	77.50p	3.00p
Expected volatility	45.90%	45.90%
Risk-free interest rate (%)	1.50%	1.50%
Expected life (years)	10	10
Expected dividend yield	0%	0%

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

LTIP

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

Awards for Executive Directors are set at 100% of base salary and will vest 50% on absolute Total Shareholder Return (TSR) and 50% on a revenue growth target. For the 2022 grants, vesting on absolute annualised TSR growth of 15% to 35% will be required, measured with reference to the Company valuation on the date of grant. The TSR element will vest at the 20% level for performance at the bottom end of the target range rising, on a linear basis, to 100% vesting for the maximum performance. The revenue growth element will vest by reference to the revenue performance for the year ending September 2024.

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

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

	TSR based options	Revenue based options	Total	Weighted average exercise price per share (pence)
At 1 October 2020	—	—	—	—
Granted in the year	165,909	839,384	1,005,293	0.2
Exercised in the year	—	—	—	—
Forfeited in the year	—	—	—	—
At 30 September 2021	165,909	839,384	1,005,293	0.2
Granted in the year	—	—	—	—
Exercised in the year	—	—	—	—
Lapsed in the year	—	(39,594)	(39,594)	0.2
Forfeited in the year	—	(277,389)	(277,389)	0.2
At 30 September 2022	165,909	522,401	688,310	0.2

There were no options exercisable at 30 September 2022 (2021: none). The options outstanding at 30 September 2022 had an exercise price of 0.2p (2021: none).

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

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

The Group recognised a credit of £141,023 (2021: charge of £42,314) in the Consolidated Statement of Comprehensive Income in respect of equity-settled share-based payment transactions in the year for all schemes in operation.

21. Related party transactions

Remuneration of key personnel

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

	2022 £	2021 £
Executive Directors – aggregate		
Short-term employment benefits	375,463	338,263
Non-executive Directors – aggregate		
Short-term employment benefits	132,155	106,000
Total	507,618	444,263

Amounts outstanding to key personnel

As at 30 September 2022, no amounts were due to Directors in relation to reimbursement of fees and expenses arising in the ordinary course of business (30 September 2021: £nil).

Transactions with shareholders and other related parties

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

There were no amounts outstanding due from or to the related parties at 30 September 2022 (2021: £nil).

During the year ended 30 September 2022, the Company entered into numerous transactions with its subsidiary company, which net off on consolidation – these have not been shown above.

Ultimate controlling party

The Company has no single ultimate controlling party.

22. Events subsequent to the year end

Subsequent to the year end, in October 2022, the Company issued 156,037,500 new ordinary shares of 0.2p each to new and existing shareholders in a funding round at a price of 2p per share. The total gross proceeds from the share issue were £3,120,750 (net £2,854,477).

62 COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Share capital £	Share premium £	Accumulated losses £	Total equity £
At 1 October 2020	95,284	34,768,349	(29,945,350)	4,918,283
Loss and total comprehensive expense for the year	—	—	(5,867,847)	(5,867,847)
Issue of shares	19,254	9,444,106	—	9,463,360
Share-based payment charge	—	—	39,667	39,667
Share-based payment charge in respect of services provided to subsidiary undertaking	—	—	2,647	2,647
At 30 September 2021	114,538	44,212,455	(35,770,883)	8,556,110
Loss and total comprehensive expense for the year	—	—	(5,324,991)	(5,324,991)
Issue of shares	832	28,935	—	29,767
Share-based payment credit	—	—	(142,379)	(142,379)
Share-based payment charge in respect of services provided to subsidiary undertaking	—	—	1,356	1,356
At 30 September 2022	115,370	44,241,390	(41,236,897)	3,119,863

63 COMPANY STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Note	2022 £	2021 £
ASSETS			
Non-current assets			
Property, plant and equipment	C3	34,180	47,461
Right-of-use assets	11	559,022	670,814
Intangible assets	12	968,780	897,199
Investments	C4	46,989	45,633
TOTAL NON-CURRENT ASSETS		1,608,971	1,661,107
Current assets			
Trade and other receivables	C5	277,599	578,490
Income tax receivable	C10	220,117	44,103
Cash and cash equivalents	C6	2,811,068	8,166,526
TOTAL CURRENT ASSETS		3,308,784	8,789,119
TOTAL ASSETS		4,917,755	10,450,226
LIABILITIES			
Non-current liabilities			
Lease liabilities	11	(485,622)	(604,894)
Deferred tax	C10	(6,494)	(8,901)
TOTAL NON-CURRENT LIABILITIES		(492,116)	(613,795)
Current liabilities			
Trade and other payables	C7	(1,186,503)	(1,165,081)
Lease liabilities	11	(119,273)	(115,240)
TOTAL CURRENT LIABILITIES		(1,305,776)	(1,280,321)
TOTAL LIABILITIES		(1,797,892)	(1,894,116)
NET ASSETS		3,119,863	8,556,110
EQUITY			
Share capital	17(a)	115,370	114,538
Share premium	17(a)	44,241,390	44,212,455
Accumulated losses	C8	(41,236,897)	(35,770,883)
TOTAL EQUITY		3,119,863	8,556,110

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the parent company's statement of comprehensive income. The parent company's result for the year ended 30 September 2022 was a loss of £5,324,991 (2021: loss of £5,867,847).

The financial statements on pages 43 to 68 were approved by the Board of Directors on 26 January 2023 and signed on its behalf by.

Steve Bennetts

Interim Chief Executive Officer

64 COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

	2022 £	2021 £
Cash flows from operating activities		
Loss before tax	(5,547,516)	(5,929,730)
Adjustment for non-cash items:		
Depreciation of property, plant and equipment	26,619	48,194
Depreciation of right-of-use assets	111,792	111,792
Amortisation of intangible assets	689,875	933,780
Impairment of intangible assets	-	820,110
Loss/(profit) on disposal of property, plant and equipment	3,485	(359)
Non-cash employee benefits– share-based payments (credit)/expense	(142,379)	39,667
Finance income	(11,408)	(2,731)
Finance expense	23,391	27,285
Operating cash outflow before changes in working capital	(4,846,141)	(3,951,992)
Decrease in trade and other receivables	300,891	104,708
Increase/(decrease) in trade and other payables	21,423	425,062
Cash flows used in operations	(4,523,827)	(3,422,222)
Tax received	44,103	315,152
Net cash outflow from operating activities	(4,479,724)	(3,107,070)
Cash flows from investing activities		
Development of intangible assets	(761,456)	(678,308)
Purchases of property, plant and equipment	(16,823)	(36,705)
Proceeds from sale of property, plant and equipment	-	359
Finance income	11,408	2,731
Net cash outflow from investing activities	(766,871)	(711,923)
Cash flows from financing activities		
Proceeds from issue of share capital, net of costs	29,767	9,463,360
Principal element of lease payments	(115,239)	(138,630)
Interest element of lease payments	(23,391)	-
Employee Benefit Trust – loan repayment	-	(20)
Net cash (outflow)/inflow from financing activities	(108,863)	9,324,710
(Decrease)/increase in cash and cash equivalents	(5,355,458)	5,505,717
Cash and cash equivalents at start of year	8,166,526	2,660,809
Cash and cash equivalents at end of year	2,811,068	8,166,526

C1. Principal accounting policies

The financial statements of the Company are presented as required by the Companies Act 2006 and the requirements of UK-adopted international accounting standards.

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

C2. Company results

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the parent company's statement of comprehensive income. The parent company's result for the year ended 30 September 2022 was a loss of £5,324,991 (2021: loss of £5,867,847).

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

C3. Property, plant and equipment

	Leasehold improvements £	Fixtures, fittings and equipment £	Computer equipment £	Total £
Cost				
At 1 October 2020	173,909	87,207	337,209	598,325
Additions	—	1,738	34,967	36,705
Disposals	—	—	(1,842)	(1,842)
At 30 September 2021	173,909	88,945	370,334	633,188
Additions	—	1,033	15,790	16,823
Disposals	—	(719)	(22,489)	(23,208)
At 30 September 2022	173,909	89,259	363,635	626,803
Accumulated depreciation				
At 1 October 2020	152,218	69,365	317,792	539,375
Charge for the year	21,080	11,920	15,194	48,194
Disposals	—	—	(1,842)	(1,842)
Reclassification	—	114	(114)	—
At 30 September 2021	173,298	81,399	331,030	585,727
Charge for the year	611	4,511	21,497	26,619
Disposals	—	(635)	(19,088)	(19,723)
At 30 September 2022	173,909	85,275	333,439	592,623
Net book value				
At 30 September 2022	—	3,984	30,196	34,180
At 30 September 2021	611	7,546	39,304	47,461

C4. Investments

At 30 September 2022, the Company held the following investments in subsidiary companies:

Undertaking	Sector	Share of issued capital and voting rights 2022
Actual Experience Inc. 251 Little Falls Drive, Wilmington, Delaware, Newcastle, USA, 19808	Sales and marketing services	100%
Cost		£
At 1 October 2020		42,986
Additions		2,647
At 30 September 2021		45,633
Additions		1,356
At 30 September 2022		46,989
Impairment		
At 1 October 2019, 30 September 2021 and 30 September 2022		—
Carrying value at 30 September 2022		46,989
Carrying value at 30 September 2021		45,633

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

C5. Trade and other receivables

	2022 £	2021 £
Trade receivables	22,858	219,030
Other receivables	51,729	84,157
Loan to Employee Benefit Trust	65,168	65,168
Prepayments and accrued income	137,844	210,135
	277,599	578,490

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

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

C6. Cash and cash equivalents

Bank credit rating:	2022 £	2021 £
A+	811,068	—
A	2,060,276	5,215,643
A-	—	3,000,555
Cash and cash equivalents	2,871,344	8,216,198

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

All of the Company's cash and cash equivalents at 30 September 2022 are held in instant access current accounts or short-term deposit accounts. Balances are denominated in UK sterling (£) and US dollars (\$) as follows:

	2022 £	2021 £
Denominated in UK sterling	2,786,716	7,161,566
Denominated in US dollars	24,352	1,004,960
Cash and cash equivalents	2,811,068	8,166,526

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

C7. Trade and other payables

	2022 £	2021 £
Trade payables	157,514	227,248
Other tax and social security	111,583	135,080
Other creditors	186,424	45,833
Amounts due to subsidiary undertakings	352,860	281,072
Accruals and deferred income	378,122	475,848
	1,186,503	1,165,081

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

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

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

C8. Accumulated losses

	Accumulated losses £
At 1 October 2020	(29,945,350)
Loss for the year	(5,867,847)
Share-based payment charge	39,667
Share-based payment charge in respect of services provided to subsidiary undertaking	2,647
At 30 September 2021	(35,770,883)
Loss for the year	(5,324,991)
Share-based payment credit	(142,379)
Share-based payment charge in respect of services provided to subsidiary undertaking	1,356
At 30 September 2022	(41,236,897)

C9. Employee costs

	2022 Number	2021 Number
The average monthly number of persons (including Directors) employed by the Company during the year was:		
Directors	5	5
Sales and support	30	33
Software development	22	24
Administration	7	9
	64	71
	2022 £	2021 £
The aggregate remuneration, including Directors, comprised:		
Wages and salaries	3,991,812	3,672,226
Social security costs	488,380	421,538
Other pension costs	384,399	348,550
Share-based (credit)/expense (Note 20)	(142,379)	39,667
	4,722,212	4,481,981
Directors' remuneration comprised:		
Emoluments for qualifying services	507,618	444,263

Directors' emoluments disclosed above include £199,313 paid to the highest paid Director (2021: £181,654); this Director did not exercise any share options in the year and no options are due under incentive plans.

The Directors' remuneration report on pages 33, 34 and 35 details the Directors' interests in share options.

Included within total employee costs of £4,722,212 (2021: £4,481,981) is £761,456 (2021: £678,308) which has been capitalised within development costs in accordance with IAS 38 (see Note 12). The remaining £3,960,756 (2021: £3,803,673) has been expensed in the Consolidated Statement of Comprehensive Income.

C10. Taxation

Deferred tax

Deferred tax relates to the following:

	2022 £	2021 £
Accelerated depreciation for tax purposes	6,494	8,901
Deferred tax liability	6,494	8,901

Reconciliation of deferred tax liabilities:

	2022 £	2021 £
Balance at the beginning of the year	8,901	7,079
(Credit)/charge to the Consolidated Statement of Comprehensive Income	(2,407)	1,822
Balance at the end of the year	6,494	8,901

Unrecognised deferred tax assets/(liabilities)

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

	Tax losses £	Lease liability £	Right-of-use assets £	Total £
At 1 October 2021				
Deferred tax asset	9,868,500	180,033	—	10,048,533
Deferred tax liability	—	—	(167,704)	(167,704)
Net unrecognised asset/(liability)	9,868,500	180,033	(167,704)	9,880,829
	Tax losses £	Lease liability £	Right-of-use assets £	Total £
At 30 September 2022				
Deferred tax asset	10,862,500	151,224	—	11,013,724
Deferred tax liability	—	—	(139,756)	(139,756)
Net unrecognised asset/(liability)	10,862,500	151,224	(139,756)	10,873,968

C10. Taxation continued

The Company has not recognised the net deferred tax asset in respect of tax losses in the Statement of Financial Position due to the uncertainty in the timing of when it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. The Company has not recognised the net deferred tax asset of £11,468 (2021: £12,329) arising on the recognition of right-of-use assets and the associated lease liability following the adoption of IFRS 16 on the basis that it is not material.

The Company has incurred qualifying expenditure on research and development projects which has given rise to tax credits due from HM Revenue and Customs (HMRC) to the Company. At 30 September 2022, £220,117 was due from HMRC (2021: £44,103).

C11. Related party transactions

Details of external related party transactions are set out in Note 21. The Company has entered into transactions with its wholly-owned subsidiary undertaking, Actual Experience Inc. during the year. The Company incurred costs of £308,536 charged by Actual Experience Inc. during the year (2021: £328,129). At 30 September 2022, an amount of £352,860 was due to the subsidiary company (30 September 2021: £281,072 due to the subsidiary company).

C12. Financial instruments

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

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

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

Financial assets

The Company held the following financial assets:

	2022 £	2021 £
Due within three months		
Cash and cash equivalents	2,811,068	8,166,526
Trade receivables	22,858	219,030
Loan to Employee Benefit Trust	65,168	65,168
Other receivables	8,313	36,330
	2,907,407	8,487,054

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

	2022 £	2021 £
Non-derivative financial liabilities		
Due within one year		
Trade payables	157,514	227,248
Lease liabilities	119,273	115,240
Other payables	310,672	206,458
Total due within one year	587,459	548,946
Due between one and two years		
Lease liabilities	123,404	119,273
Total due between one and two years	123,404	119,273
Due between two and five years		
Lease liabilities	362,218	383,410
Total due between two and five years	362,218	383,410
Due after five years		
Lease liabilities	-	102,211
Total due after five years	-	102,211
Total financial liabilities	1,073,081	1,153,840

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

Notice is given that the Annual General Meeting of Actual Experience plc (the Company) will be held at Quay House, The Ambury, Bath, BA11UA 11 a.m. on Tuesday 28 March 2023 for the purposes below.

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

1. To receive the Company's Annual Financial Statements, Strategic Report and Directors' and auditors' reports for the year ended 30 September 2022.
2. To re-elect Kirsten English as a Director.
3. To re-elect Richard Steele as a Director.
4. To re-elect Harmesh Suniara as a Director.
5. To re-elect Steve Bennetts as a Director.
6. To appoint Crowe UK LLP as auditors of the Company
7. To authorise the Directors to determine the remuneration of the auditors.
8. That, pursuant to section 551 of the Companies Act 2006 (the Act), the Directors be and are generally and unconditionally authorised to exercise all powers of the Company to allot Relevant Securities up to an aggregate nominal amount of £142,783 provided that (unless previously revoked, varied or renewed) these authorities shall expire at the conclusion of the next Annual General Meeting (AGM) of the Company after the passing of this resolution or on the date falling 18 months after the passing of this resolution (whichever is the earlier), save that, in each case, the Company may make an offer or agreement before the authority expires which would or might require Relevant Securities to be allotted after the authority expires and the Directors may allot Relevant Securities pursuant to any such offer or agreement as if the authority had not expired.

In this resolution, '**Relevant Securities**' means shares in the Company or rights to subscribe for or to convert any security into shares in the Company; a reference to the allotment of Relevant Securities includes the grant of such a right; and a reference to the nominal amount of a Relevant Security which is a right to subscribe for or to convert any security into shares in the Company is to the nominal amount of the shares which may be allotted pursuant to that right. These authorities are in substitution for all existing authorities under section 551 of the Act (which, to the extent unused at the date of this resolution, are revoked with immediate effect from the passing of this resolution).

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

9. That, subject to the passing of resolution 8 and pursuant to section 570 of the Act, the Directors be and are generally empowered to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authorities granted by resolution 8 as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to:
 - 9.1 the allotment of equity securities in connection with an offer of equity securities (whether by way of a rights issue, open offer or otherwise):
 - 91.1 to holders of ordinary shares in the capital of the Company in proportion (as nearly as practicable) to the respective numbers of ordinary shares held by them; and
 - 91.2 to holders of other equity securities in the capital of the Company, as required by the rights of those securities or, subject to such rights, as the Directors otherwise consider necessary, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates or any legal or practical problems under the laws of any territory or the requirements of any regulatory body or stock exchange; and
 - 9.2 the allotment of equity securities otherwise than pursuant to paragraph 9.1 of this resolution) up to an aggregate nominal amount of £42,878, and (unless previously revoked, varied or renewed) this power shall expire at the conclusion of the next AGM of the Company after the passing of this resolution or on the date falling 18 months after the passing of this resolution (whichever is the earlier), save that the Company may make an offer or agreement before this power expires which would or might require equity securities to be allotted for cash after this power expires and the Directors may allot equity securities for cash pursuant to any such offer or agreement as if this power had not expired.

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

By order of the Board

Roy Stephen (Steve) Bennetts

Company Secretary

26 January 2023

Registered office

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

Registered in England and Wales No. 06838738

Entitlement to attend and vote

1. The right to vote at the meeting is determined by reference to the register of members. Only those shareholders registered in the register of members of the Company as at close of business on 24 March 2023 (or, if the meeting is adjourned, close of business on the date which is two working days before the date of the adjourned meeting) shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries in the register of members after that time shall be disregarded in determining the rights of any person to attend or vote (and the number of votes they may cast) at the meeting.

Proxies

2. A member entitled to attend and vote at the meeting may appoint one or more proxies to exercise all or any of the member's rights to attend, speak and vote at the meeting. A proxy need not be a member of the Company but must attend the meeting for the member's vote to be counted. If a member appoints more than one proxy to attend the meeting, each proxy must be appointed to exercise the rights attached to a different share or shares held by the member. If a member wishes to appoint more than one proxy they may do so at www.signalshares.com. The appointment of a proxy will not preclude a shareholder from attending and voting in person at the meeting.
3. You will not receive a proxy card in the post. You may cast your vote electronically at www.signalshares.com. On the home page search 'Actual Experience plc' and then log in or register using your Investor Code. To vote, click on the 'Vote Online Now' button. To be effective, the proxy vote must be submitted at www.signalshares.com so as to have been received by the Company's registrars not less than 48 hours (excluding weekends and public holidays) before the time appointed for the meeting or any adjournment of it. By registering on the Signal shares portal at www.signalshares.com, you can manage your shareholding, including:
 - cast your vote;
 - change your dividend payment instruction;
 - update your address; and
 - select your communication preference.
4. Any power of attorney or other authority under which the proxy is submitted must be returned to the Company's Registrars, Link Group, PXS 1, Central Square, 29 Wellington Street, Leeds, LS1 4DL. If a paper form of proxy is requested from the Registrar, it should be completed and returned to Link Group, PXS 1, Central Square, 29 Wellington Street, Leeds, LS1 4DL to be received not less than 48 hours (excluding non-business days) before the time of the meeting. If you need help with voting online, or require a paper proxy form, please contact our Registrar, Link Group, by email at shareholderenquiries@linkgroup.co.uk, or you may call Link on 0371 664 0391 if calling from the UK, or +44 (0) 371 664 0391 if calling from outside of the UK. Link's business hours are 9.00 am – 5.30 pm, Monday to Friday excluding public holidays in England and Wales.
5. CREST members who wish to appoint a proxy or proxies for the meeting (or any adjournment of it) through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

6. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a CREST proxy instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by Link Group (ID RA10) no later than 11.00 am on 24 March 2023 (or, if the meeting is adjourned, no later than 48 hours before the time of any adjourned meeting). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Link Group is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
7. CREST members and, where applicable, their CREST sponsors or voting service providers, should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his or her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST manual concerning practical limitations of the CREST system and timings.
8. The Company may treat a CREST proxy instruction as invalid in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Corporate representatives

9. A shareholder which is a corporation may authorise one or more persons to act as its representative(s) at the meeting. Each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual shareholder, provided that (where there is more than one representative and the vote is otherwise than on a show of hands) they do not do so in relation to the same shares.
10. Shareholders are encouraged to submit questions, at least 48 hours prior to the AGM, relating to the business to be dealt with at the AGM to investors@actual-experience.com. The Company will endeavour to publish these questions and the Company's responses on the Company's website (www.actual-experience.com/about/investors) as soon as practicable after the AGM.

Biographical details of Directors

11. Biographical details of all those Directors who are offering themselves for reappointment at the meeting are set out on page 26 of the enclosed Annual Report and Accounts.

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

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

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

ARR – Annual Recurring Revenue.

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

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

CRM – Customer relationship management.

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

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

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

Human Experience (HX) – The quality of a customer's usage of their personal digital ecosystem.

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

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

Actual Experience plc

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

www.actual-experience.com