

ActiveOps[®]

Helping operations teams do **more.**

ActiveOps PLC

Annual Report and Accounts 2023

INTRODUCTION

ActiveOps is a global SaaS software and services provider helping banks, insurance companies and healthcare providers do more with operations.

See further. Move faster. **Know more.**

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HIGHLIGHTS

FINANCIAL HIGHLIGHTS

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

OPERATIONAL HIGHLIGHTS

- Significant expansion of existing customer relationships resulting in Net Revenue Retention (NRR) of 110% (2022: 102%)
- 20% increase in ARR from the ten largest customers. 60% of customers globally increased ARR, including 28% who increased ARR by 20% or more
- Added new customers in each of our three regional business units
- Double digit SaaS revenue growth in each of our regional business units
- New CaseworkiQ product, launched in June 2022, in use by 7 of the 10 largest existing customers, proving its ability to create new opportunities with existing customers
- First enterprise customer using all three ActiveOps software products (ControlIQ, WorkiQ and CaseworkiQ), demonstrating considerable up-sell opportunities within the existing customer base
- Currently developing a series of major software enhancements for release in the current financial year utilising Artificial Intelligence (AI) and Machine Learning (ML) to provide customers with new opportunities to optimise operational performance

OUTLOOK

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

Footnote to Financial highlights

- 1 Annual Recurring Revenue is a non-GAAP measure and is therefore unaudited.
- 2 Adjusted EBITDA is used by management to assess the trading performance of the business. Defined as Operating loss (£0.217m) before depreciation & amortisation (£1.035m), share-based payment charges (£0.027m) and includes FX differences resulting from movement on foreign exchange reserves (Loss: £0.181m).

ANNUAL RECURRING REVENUE "ARR"¹

£22.6m

2022: £20.1m +13%

SOFTWARE & SUBSCRIPTION REVENUE

£22.1m

2022: £19.6m +13%

TRAINING & IMPLEMENTATION "T&I" REVENUE

£3.4m

2022: £3.4m

GROSS MARGIN

82%

2022: 81% +1ppt

ADJUSTED EBITDA²

£0.7m

2022: £(0.3m)

(LOSS) BEFORE TAX

£(0.2)m

2022: £(2.6)m

EARNINGS/(LOSS) PER SHARE ON CONTINUING OPERATIONS

(0.70)p

2022: (3.83)p

CASH AND CASH EQUIVALENTS

£15.4m

2022: £13.8m +12%

ABOUT US

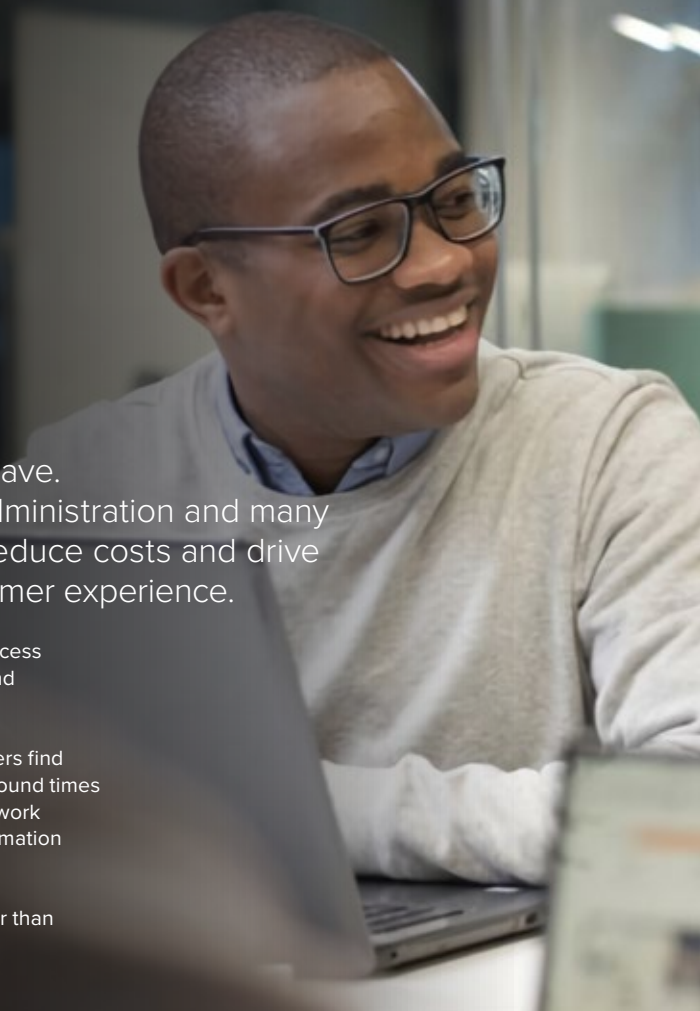
WHO WE ARE

We help operations teams do more with what they have. Operations teams in banks, insurance, healthcare administration and many other businesses are constantly under pressure to reduce costs and drive up efficiency, all while trying to maintain a great customer experience.

This is easier said than done. Many have invested in all sorts of technology and process change to help drive efficiency, but still find themselves struggling to meet SLAs and operational targets.

That's where we come in—through our software and approach we help our customers find capacity and enable them to use it much better. Our customers typically see turnaround times improved significantly, double digit improvements in productivity with backlogs of work materially down. Customers also leverage the capacity created to invest in transformation and development, as well as to reduce levels of new recruitment.

Ultimately, our customers talk about how they are now in control of workload, rather than feeling reactive to it. That's our aim and purpose.



Typically our customers are able to realise 15-35% extra capacity within the first year from leveraging the ActiveOps suite of products & services. So, what do customers typically achieve with this better use of available capacity? Here are just some of the specific results some of our customers have achieved:

SIGNIFICANT IMPROVEMENTS IN CUSTOMER EXPERIENCE & RISK MITIGATION

35%
reduction in complaints

Net Promoter Score (NPS)
massive improvements in NPS (from 8.8 to over 70 in 4 years)

0%
of regulated SLAs missed

SIGNIFICANT IMPROVEMENTS IN PRODUCTIVITY

82%
reduction in work backlog volumes

80-85%
staff utilisation

35%
improvement in productivity

>50%
reduction in servicing time for key product lines (claims, complaints, mortgages, etc)

SIGNIFICANT COSTS SAVINGS:

£4m+
Over £4m+ in cost savings (either reducing headcount or not hiring new staff)

30%
reduction in hiring agency staff

20%
reduction in paid overtime

SIGNIFICANT IMPROVEMENTS IN STAFF/EMPLOYEE MORALE

80%
positive employee morale

44%
reduction in staff attrition (some customers quote the departments using ActiveOps have the lowest attrition in the business)

WHAT WE DO

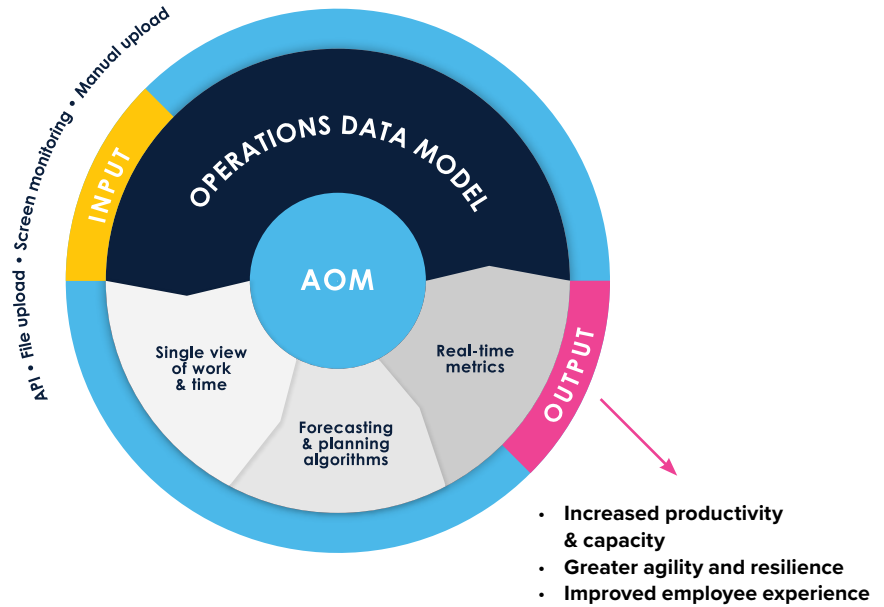
Typically, operations teams are trying to deliver a desired level of customer service at minimum cost while managing the overall risk. This is the constant balancing act that our customers and prospects face.

Therefore, the problem is centred around getting the best out of the resources available. This is what we do, at ActiveOps we help operations find capacity within their existing resources enabling them to reduce costs, manage risk and continually-deliver a better customer service.

Operations invest heavily in different technologies to automate and streamline business processes (Business Process Management, Robotic Process Automation, Human Capital Management, Process Mining etc) – coupled with using process methodologies, such as Lean Six Sigma. Many are point solutions focused on the process itself – the job of moving work around and/or automating processes to reduce headcount. However, this investment has only served to further drive silos and operating practices that result in capacity and productivity being squandered.

SO, WHAT MAKES ACTIVEOPS DIFFERENT?

Firstly, ActiveOps operates within our customers' existing technology investments. We take data from different silos and systems and through our own proprietary operations data model, convert all activity into a single view of 'work and time'. This lays the foundation to leverage our AI/ML planning algorithms to drive real-time performance insights at enterprise scale – maximising capacity to drive service levels and operational targets.



OVERVIEW OF ACTIVEOPS PRODUCT OFFERINGS

	ControliQ	CaseworkiQ	WorkiQ
What type of operations is it applicable to?	Employees performing transactional processing work	Employees performing transactional case-management work	All employees who work at a PC
What does it do?	<ul style="list-style-type: none"> Automatically captures details of all the work performed across all software applications Consolidates attendance, use of time and details of tasks completed in a single repository Provides reports and dashboards to support performance management, process improvement and skills development Forecasts future workloads and plans the optimal deployment of resources and skills Provides real time insight to managers, leading to more timely decisions, optimising performance, service delivery and employee experience 		<ul style="list-style-type: none"> Automatically gathers data by analysing PC desktop activity Captures applications/ screens used, time spent by activity and volume of key tasks completed Provides reports and dashboards to support performance management, process improvement and skills development
Key benefits	<ul style="list-style-type: none"> Rapid, sustainable productivity gains and capacity release (typically 15% or more in the first year) Safer delivery of service and quality standards Enhances ability to satisfy regulation and compliance requirements Enables digital transformation, automation and other transformation initiatives Improves employee experience 		<ul style="list-style-type: none"> 10% or more increase in time focused on the most important work Visibility of working time and activity to enable hybrid and flexible working models

WHERE WE ARE

WHERE WE DO IT

We employ 179 people based in seven offices, covering five different continents. Our 81 enterprise customers have more than 100,000 users of our software located in 40+ countries.

ENTERPRISE CUSTOMERS

81

INDIVIDUAL SOFTWARE USERS

>115,000

STAFF (MARCH 2023)

179

seven global offices on five continents

CUSTOMER ACTIVITIES

2.6bn

tracked by our software each year

IMPLEMENTATIONS

57

delivered during FY23

USERS IN MORE THAN

40

countries globally

CUSTOMER EMPLOYEE CAPACITY

>150m

hours managed each year

NATIONALITIES

22

represented in the ActiveOps team

New York, USA:

Sales, Customer Success,
Training & Implementation

Dallas, USA:

Sales, Customer Success,
Training & Implementation,
SaaS Support, Software
Development, Marketing



OUR GLOBAL REACH

- North America
- Europe, Middle East, India and Africa
- Asia Pacific

CHAIR'S STATEMENT

SEAN FINNAN, NON-EXECUTIVE CHAIR

ANOTHER YEAR OF DELIVERING ON OUR COMMITMENTS



Introduction

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

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

Financial performance

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

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

Overview of the year

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

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

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

Governance/Diversity/ESG

ActiveOps has always been proud to be a diverse, global business with a sound governance structures in place. Since our IPO in March 2021 we have adopted a more structured approach to managing and developing our ESG agenda with the implementation of a formal framework, and ongoing work to embed appropriate policies and practices across the ESG framework into the business.

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

Our environmental impact remains small, with data centres and travel remaining as the two main contributors to our carbon footprint. We aim to ensure that the Group can grow sustainably, while minimising the environmental impacts of not just our products, but also in

how we operate as a business. We intend to set carbon emissions reduction targets next year, once we have greater data available to us in order to do so in a meaningful manner.

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

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

Looking ahead

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

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

We have an experienced sales team, a very stable and effective product set, and new offerings that are generating increased levels of interest. Our customer care and marketing teams are working hard to extend our existing relationships, to add new operations environments and drive additional product usage. We have seen strong improvement in revenues from our existing customer base

ANNUAL RECURRING REVENUE (ARR)

13.0%

NET REVENUE RETENTION (NRR)

110%

supported by an account management approach that helps our customers get the best from the products they have bought from us.

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

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

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

Sean Finnan

Non-executive Chair

CEO STATEMENT

RICHARD JEFFERY, GROUP CHIEF EXECUTIVE OFFICER

GROWTH, PROFITABILITY AND EXCITING PRODUCT DEVELOPMENTS



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

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

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

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

Strong financial performance

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

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

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

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

Evolving market opportunity

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

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

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

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

Further to this, the current year will see the launch of our first two Machine Learning (ML) powered capabilities, Smart Planning and Smart Skills, made possible by the wealth of data captured within our systems and our Knowledge Transfer Partnership with Henley Business School. Prototypes of both have been tested with existing customers, which

REVENUE

+11%

SOFTWARE AND SUBSCRIPTION REVENUE

+13%

confirms the ability of these features to support further improvements in performance. The incorporation of AI and ML technologies within our technology demonstrates both the skill of our product team and our commitment to innovation and how this materially benefits our customers.

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

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

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

CEO STATEMENT CONTINUED

Software development and innovation

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

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

Reflecting the broader market interest in managing work and capacity, we are seeing greater levels of senior manager engagement in the roadmap across our new and existing customer base. This heightened interest in the products we are developing is testament to the work of our development teams, and the strong relationships that have been built between our customers and relationship managers.

ControlIQ

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

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

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

CaseWorkIQ

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

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

WorkiQ

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

Growth of our customer base: land & expand

Our customer acquisition activity is focused on a tightly defined set of banks, insurers and BPOs in our target geographies, representing a significant Annual Recurring Revenue (ARR) opportunity. The opportunity for ActiveOps continues to be large due to the scale of operations in these target markets, and we continue to see demand for our products reflected in our growing annual revenue performance.

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

We were delighted to secure a 3-year combined ControlIQ and CaseworkIQ contract win with a major investment management firm, which will lead to both products being rolled out across the customer's operations in the UK, India and Germany, to increase efficiencies and improve employee and customer experience, by growing the capacity of skilled team members on a global scale. We saw strong profitable performance across all regions, with double digit growth in SaaS revenues in each.

Sales and marketing

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

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

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

Focus for the year ahead

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

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

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

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

Confident outlook

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

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

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

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

Richard Jeffery

Group Chief Executive Officer



MARKET OVERVIEW

A LARGE MARKET AND DIFFERENTIATED OFFERING

Large scale service operations are present in major enterprises in many industries, meaning the potential market for ActiveOps products is extensive and broad. The Group concentrates on a core set of geographical regions and industry sectors to provide focus to its go-to-market efforts and make best use of our highly referenceable customer base. The significant change in ways of working experienced in recent years continue to emphasise the need for technology to optimise use of human capital, whilst boosting employee experience. These trends and economic conditions create the need to achieve more without increasing headcount, driving increased interest in our products.

A large global market with room to grow

The Group’s products are applicable to service operations in any industry, meaning the potential market is very large (estimated to be greater than £6bn in 2023). The Group focusses its go-to-market customers in banking, insurance and business process outsourcers in Europe, North America, India, South Africa and Australasia. These industries have very large populations of service operations roles, and the Group has a strong track record of delivering value in these industries. The potential market in these sectors is in excess of £900m per annum, meaning that despite our success, there remains ample market opportunity to support future growth. This focus ensures the efficiency of our demand generation activity, but also provides significant opportunity for future expansion into new sectors and geographies.

Supportive market forces

The hybrid working practices now adopted by most organisations in their service operations have served to emphasise the importance of accurate/timely data to drive management decisions and the need to use skills and capacity in an agile manner. This is driving greater interest and debate in the Group’s area of expertise. Increased focus on employee experience is also driving a need for organisations to manage in a more data-driven and flexible manner. Gartner created the term *work-style analytics* which is described as a technology category which derives insights from employees’ digital footprints and data. These insights help organisations improve personal and team effectiveness, application and device proficiencies and process performance within the constraints of responsible data usage. Gartner predicts that such technology will be regarded as essential by 2026. Current economic conditions are requiring enterprises to achieve more with fixed, or potentially lower levels of resources. The capability of the Group’s products to unlock capacity hidden

within operations effectively provides access to an additional ‘invisible workforce’. This capacity release can be achieved without major process or technology change, meaning it is a quick and low-risk means to achieve more with less.

Expanded product range creating upsell opportunities

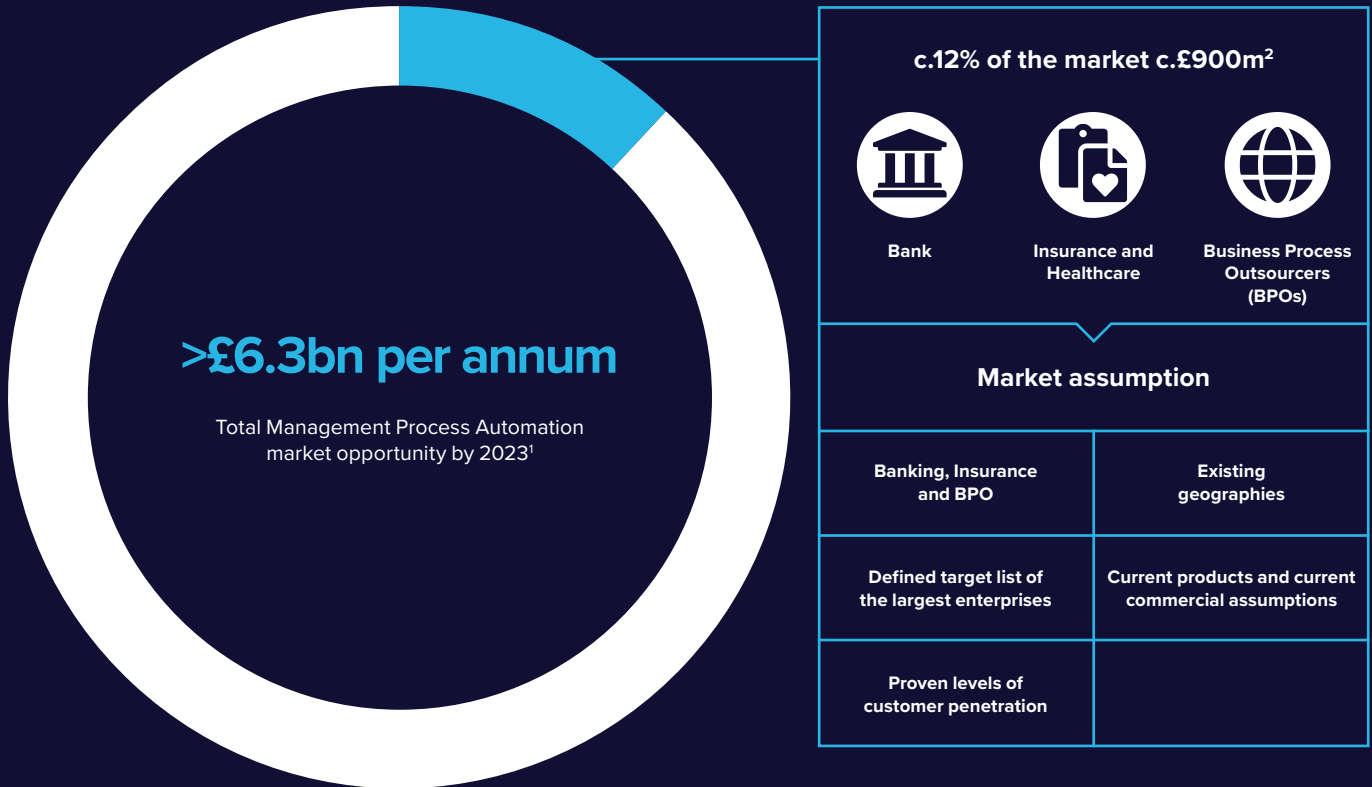
The Group has traditionally sold to its enterprise customers via a land-and-expand approach, extending use of its product into new environments as a result of successful deployments. The expansion of the product set in recent years (the addition of WorkiQ and CaseworkiQ to ControlIQ) has also created a significant up-sell opportunity within these existing customer relationships. The Group has enjoyed success through this sales channel during FY23, and expects further growth during FY24. We estimate the addressable market within our tightly-defined target customer set as c.£900m per annum. Within this market, more than £90m of opportunity is available just from cross and up-sale of the product set to existing customers.

ActiveOps position as market leader

The Group occupies an enviable market position, with a proven track record of customer success and a reputation as experts in its field. ActiveOps products have been built to meet the specific challenges of managing service operations. Many of the competitor products are either generic workforce management tools or are optimised for different specific environments such as the contact centre. In both scenarios, the capabilities offered by these competitors are less effective at improving operations performance than ActiveOps products. Competition also comes from in-house developed solutions, which cannot offer equivalent functionality to ActiveOps and frequently lack the scalability, robustness and extendibility of our enterprise solutions. The pace and ambition of the Group’s product roadmap is further extending our leadership position. In particular, the suite of new functionality becoming available in FY24, applying Machine Learning to the ActiveOps operations data model, is creating further capability which is not matched by our competition. These innovations are increasing the level of automation in our software, making the software simpler to operate whilst also further increasing performance.

Gartner predicts that, by 2026, AI-enabled workstyle analytics will be essential for delivering a modern digital employee experience.

ACTIVEOPS TARGETS A WELL DEFINED SECTION OF A LARGE ADDRESSABLE MARKET



1 Source: Databridge Market Research & Marketwatch.com.
2 Source: ActiveOps target-market analysis.

ACTIVEOPS HAS A HIGHLY DIFFERENTIATED OFFERING

Sources of competition				
In House Developed Solutions	Contact Centre Workforce Management Software	Back-Office Specialists with Consulting Led Approaches	Employee Productivity Measurement Software	Substitution
Developed Functionality and Roadmap				ROI
Operations Management Method				Certainty of benefit
Enterprise Credentials and Focus				No change to core systems and IT
15 Years of Data to Support Insight & Benchmarking				Complementary to other change initiatives
Scalability	Specifically designed for back office	Human-Centric Approach		

ActiveOps Differentiators

BUSINESS MODEL

CREATING AND SUSTAINING VALUE FOR ALL OUR STAKEHOLDERS

WHY WE ARE DIFFERENT

Rapid, sustained customer benefits –

Our customers are constantly undergoing change, much of it highly disruptive. ActiveOps solutions are deployed in days, require no change to core technology or business processes, and deliver measurable performance and employee engagement benefits in just weeks.

Human centric design principles –

Our products promote the use of performance data in an open manner which treats employees with respect. Our approach focuses on giving people the opportunity to excel whilst motivating them to do so. These principles reflect our values and are an important source of differentiation.

Embedded expertise –

The deep operations management expertise of our team is at the heart of our solutions. Our combination of technology embedded with best practice method enables customers to deliver benefits very quickly and sustain them in the long term.

Long-term partnership –

ActiveOps works closely with its customers providing insight and support to management teams to maximise the value derived from our solutions. Many of ActiveOps' 80+ customers have been using our solutions for more than ten years.

Enterprise mindset –

It's one thing to create a solution which works for a specific operations environment, but quite another to cater for the broad range of operations environments found across a large enterprise. ActiveOps solutions are universally applicable across back-office operations and designed to be operated at scale.

WHAT WE DO

We enable large enterprises to run efficient and effective back-office operations. ActiveOps provides software which automates and streamlines critical operations management activities such as forecasting, planning and controlling performance in large back-office operations. Our software platform, combined with our proprietary operations management methodology and packaged training/ implementation programmes, improve efficiency, productivity, service level delivery and employee experience.

HOW WE GENERATE REVENUE

SaaS revenues: 87% (FY22: 85%) – we sell software licences for our ControlIQ, WorkiQ and CaseworkiQ products. Our software is licensed on a per-user basis and licences include the provision of the SaaS service, support and access to future upgrades of the purchased product.

Training and Implementation revenues: 13% (FY22: 15%) – we provide training, implementation and integration services to deploy our solutions and help customers gain maximum value from their investment in ActiveOps.

HOW WE DO IT

Develop industry-leading solutions.

We build uniquely rounded solutions, comprising software, management method and the change-management processes to deliver benefits to customers rapidly and at scale.

Deliver sustainable benefits and change for our customers.

Our Training and Implementation teams and partners deploy our solutions alongside customer teams to deliver the outcomes targeted by each individual customer.

Partner with customers for the long term.

Our Customer Success teams work in partnership with customers to ensure our solutions continue to be utilised effectively and deliver ongoing value.

Engaged colleagues.

We invest in our people to ensure they are engaged and fully equipped to perform their roles. Strongly influenced by our values, our working environment is inclusive and people are empowered and enabled to develop personally and professionally.

SOFTWARE & SUBSCRIPTION REVENUES

£22.1m
+13%

TRAINING & IMPLEMENTATION REVENUE

£3.4m

ANNUAL RECURRING REVENUE (ARR)

£22.6m
+13%

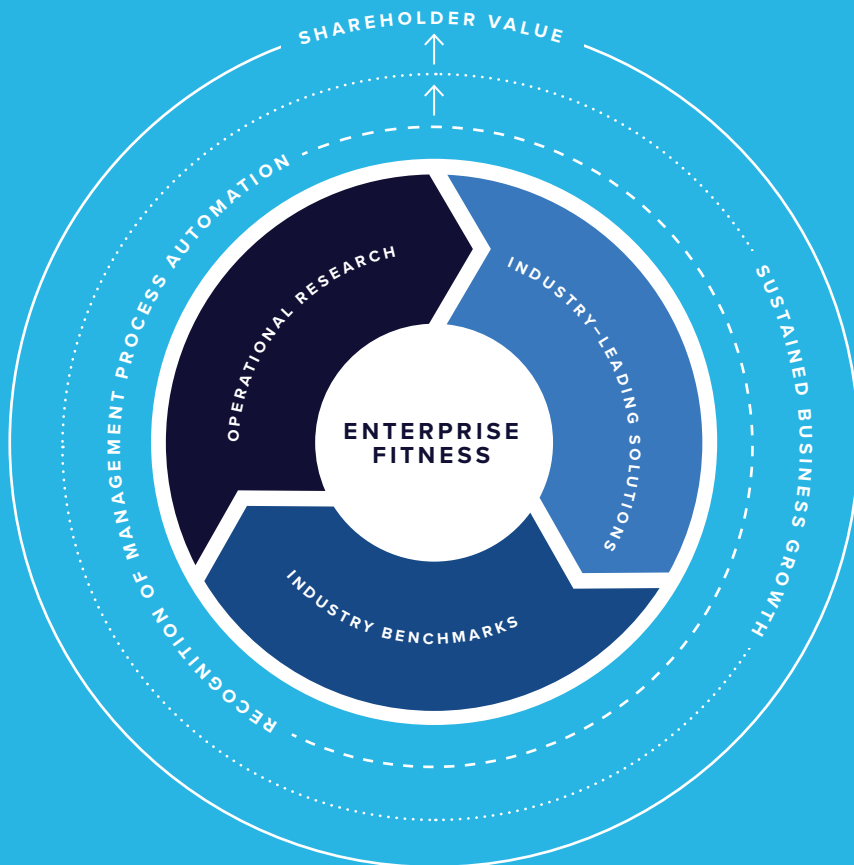
UNDERPINNED BY OUR CORE VALUES

Global
in outlook, standards, customers

We see a future where trusted, data-driven, agile operations are the heart of your business success and a great place to work. Our mission is to lead a revolution in how you use technology and data to run operations.

HOW WE CREATE VALUE

HOW WE CREATE VALUE FOR OUR STAKEHOLDERS



Customers

We enable our customers to deliver critical services more efficiently and effectively.

Customers typically improve productivity by 15% or more in the first year of using our solutions. Our solutions enable customers to balance productivity with employee experience. Their employees benefit from working in a better-managed and engaging environment, equipped to offer flexibility over how, when and where people work.

Employees

Our employees work in an exciting, fast-paced environment where the work they do makes a genuine difference to the performance of our customers' businesses. They have rewarding careers in highly-skilled disciplines and many are able to extend their skills into new areas and support the business in multiple regions during their career.

Investors

Our business model, supported by our strategy, aims to deliver sustainable long-term growth and returns to our shareholders.

Communities

We rely on, and aim to make a positive impact on, the local communities and environments in which we operate including reducing environmental impacts.

Customers typically improve productivity by 15% or more in the first year of using our solutions.



Expert
leadership by standing out from the crowd

Authentic
to ourselves and about our commitments

Collaborative
to leverage collective brilliance

OUR STRATEGY

DRIVING GROWTH THROUGH EXPERTISE AND INNOVATION

Strategic Pillars	Priorities	Developments in FY23
 <p>Operations research</p>	<p>Understanding the challenges and future requirements of running operations</p>	<ul style="list-style-type: none"> Engaged in a knowledge transfer programme with Henley Business School, researching application of AI to the management of operations Worked with our regional customer councils to understand the latest needs of our market Researched data-driven prediction of employee engagement issues
 <p>Industry-Leading Solutions</p>	<p>Developing and codifying intellectual property into enterprise scale solutions to the challenges of running complex operations</p>	<ul style="list-style-type: none"> Released our new product CaseworkiQ, providing Management Process Automation for complex operations environments. Product already being used in seven of our ten largest customers Developed a suite of new software capabilities (for release in FY24) which apply Machine Learning to the established ActiveOps data model Made regular enhancements to all of our products
 <p>Enterprise Fitness</p>	<p>Making our solutions uniquely accessible and persistent in the largest enterprises</p>	<ul style="list-style-type: none"> Worked closely with customers and partners to increase the connectedness of our software to key adjacent technologies Enabled our products to be purchasable via Microsoft marketplace, including utilising existing commitments to spend Significantly enhanced our suite of digital learning tools to increase the effectiveness and efficiency with which new users can be onboarded Released CaseworkiQ, enabling more operations environments to benefit from ActiveOps technology and outcomes
 <p>Recognition of Management Process Automation</p>	<p>Make Management Process Automation (MPA) a recognised capability for back-office operations</p>	<ul style="list-style-type: none"> Significantly strengthened our marketing capability, including the creation of a Chief Marketing Officer role Held our largest ever customer conferences in the UK and Australia Launched OpsTracker, our quarterly insight report into key operations performance trends, 100% driven by real data from ActiveOps products
 <p>Revenue growth</p>	<p>Execute our go-to-market strategy to deliver sustainable growth in revenues and increasing profitability</p>	<ul style="list-style-type: none"> Grew Annual Recurring Revenues (ARR) by 13% (11% constant currency) Increased ARR from our largest 10 accounts by 20% Grew Total Revenue by 11% driven primarily by increased recurring SaaS revenues Delivered adjusted EBITDA profitability of £0.7m (2022 Loss: £0.3m) Released CaseworkiQ, increasing addressable market in both existing and new customers

Read more about our risk management on page 28.

FY24 Focus Areas

KPI Linkage

- Exploring the potential for Generative AI technology to accelerate our roadmap
- Researching the long-term implications for operations of technology advances and changing consumer preferences
- Investigating use of the ActiveOps data model and extensive historical data set to train machine learning algorithms to automate time consuming management tasks



- Release a series of major AI enhancements to our software, including:
 - Automated, machine learning powered forecasting and planning (Smart Planning)
 - Automated skills inventory creation and maintenance (Smart Skills)
 - Forecasting future service level performance to enable better balancing of work and capacity (Smart SLAs)



- Continue to expand the interoperability of our software within our customers' IT environments and with key technology partners
- Further enhance CaseworkIQ to increase the scope of operations ActiveOps can support



- Enhance ActiveOps interoperability with the ecosystem of technologies used to run world-class operations
- Demonstrate thought leadership through publications, conferences and events



- Continue to execute our land-and-expand growth strategy:
 - Expanding in existing accounts through expansion into new environments as well as upselling additional products
 - Adding key new logos within our tightly defined target criteria
- Continuing to develop channel sales through Microsoft and other key technology partners



KEY PERFORMANCE INDICATORS

SOLID AND SECURE GROWTH

The Board monitors the Group’s progress against its strategic objectives, assessing financial and non-financial performance against the Group’s strategy and budgets.

FINANCIAL KPIs

1
EXIT ANNUAL
RECURRING
REVENUE

EXIT ARR –
UNAUDITED

£22.6m

Definition
The exit position of recurring revenue from contracts with customers.

2023 performance
Exit ARR increased by 13% driven predominantly by strong expansion of existing customers and sales to new customers.



Link to strategy

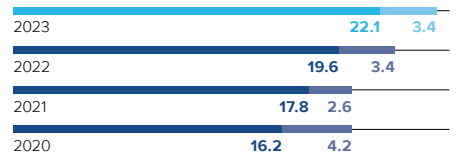
2
TOTAL
REVENUE

TOTAL REVENUE –
AUDITED

£25.5m

Definition
SaaS revenues from license sales to access ControlIQ, WorkiQ and CaseworkiQ and Training and Implementation revenues from implementations delivered to customers.

2023 performance
Total revenue increased to £25.5m (11% constant currency 8%, driven by growth in recurring revenues with T&I revenues remaining broadly flat.



Link to strategy

3 ADJUSTED EBITDA

ADJUSTED EBITDA –
AUDITED

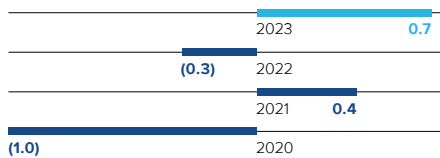
£0.7m

Definition

Operating Profit before depreciation, amortisation, share-based payment charges, exceptional items and including forex movements.

2023 performance

Adjusted EBITDA (including capitalisation of labour of £0.9m) moved to a profitable position with a strong positive underlying exit run rate for the business.



Link to strategy



4 PROFIT/(LOSS) FOR THE YEAR

PROFIT/(LOSS) FOR THE YEAR

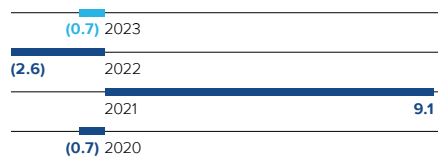
(£0.7m)

Definition

Reported profit/(loss) for the year.

2023 performance

Loss for the year of £0.7m improved versus prior year following increased revenue and slower cost growth.



Link to strategy



5 EARNINGS PER SHARE

EARNINGS PER SHARE –
AUDITED

(0.7p)

Definition

EPS is calculated as basic earnings per share from continuing operations.

2023 performance

EPS has improved to a loss of (0.70p) per share.



Link to strategy



KEY PERFORMANCE INDICATORS CONTINUED

SOLID AND SECURE GROWTH

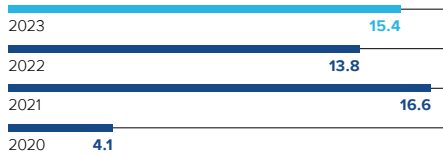
FINANCIAL KPIs **NON-FINANCIAL KPIs**

6
NET DEBT/CASH

NET DEBT/CASH – AUDITED
£15.4m

Definition
Cash on the Balance Sheet at the period end less any outstanding external loans.

2023 performance
Cash balance increased to £15.4m with continued annual in advance billing.



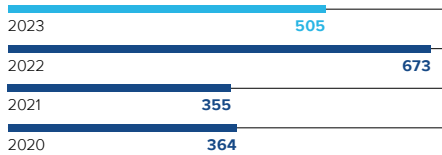
Link to strategy

7
OPERATING CASH CONVERSION

OPERATING CASH CONVERSION – UNAUDITED
505%

Definition
Cash generated from Operations in the Consolidated Statement of Cash Flows, adjusted to exclude cash payments for exceptional items as a percentage of adjusted EBITDA.

2023 performance
ActiveOps continues to drive cash ahead of profit following the annual in advance billing model, with positive operating cash flow of £1.8m being substantially head of EBITDA generation.



Link to strategy

8
NUMBER OF CUSTOMERS

NUMBER OF CUSTOMERS – UNAUDITED
81

Definition
Number of Customer logos at the end of the period.

2023 performance
Customer numbers in the year were broadly flat with some significant new customers added and some smaller customers leaving (ARR 5.2%).



Link to strategy

9 NUMBER OF SOFTWARE USERS

NUMBER OF SOFTWARE USERS – UNAUDITED

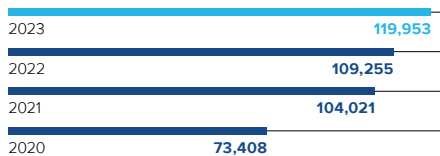
119,953

Definition

Number of users who have access to the software platform.

2023 performance

Increase in number of software users in the year.



Link to strategy



10 NUMBER OF EMPLOYEES

NUMBER OF EMPLOYEES – UNAUDITED

179

Definition

Number of employees at the end of the period.

2023 performance

A reduction in headcount in the US to focus on the core customer base and larger logos led to a reduction in headcount in the year.



Link to strategy



11 EMPLOYEE ENGAGEMENT

EMPLOYEE ENGAGEMENT – UNAUDITED

72%

Definition

The business undertakes annual engagement surveys measuring a variety of employee engagement metrics.

2023 performance

A culture survey replaced the engagement survey in FY23 with an overall engagement score of 72% across culture, D&I and ESG.



Link to strategy



OPERATIONAL LEVERAGE REALISING BENEFITS



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

Annual Recurring Revenue

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

Revenue

Total revenue at £25.5m was 11% ahead of prior year (8% ahead on constant currency), with software and subscription revenues increasing 13% to £22.1m (FY22: £19.6m) arising from both new and existing customers. Revenue growth was strong in all regions with EMEIA growing Total Revenues by 12% to £13.9m (FY22: £12.5m), North America by 11% to £6.0m (FY22: £5.4m) and Asia Pacific by 9% to £5.5m (FY22: £5.0m).

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

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

Margins and Operating Profit

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

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

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

Continued investment in account management and further investment in Marketing, with the addition of a Chief Marketing Officer to the management team is expected to develop a value-based customer proposition. This, coupled with a focused project to revise the tiering of current and future features within the licensing structure, is expected to deliver increased ARR in the current financial year and beyond.

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

Adjusted EBITDA moved to a profitable position of £0.7m (FY22: loss £0.3m) excluding the costs associated with share-based

payments at £0.0m (FY22: £0.6m), translation reserve loss of (£0.2m) (FY22: gain £0.2m) and M&A activities which were zero in the year (FY22: £0.5m).

Product and Technology Expenditure

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

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

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

Foreign Exchange

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

Depreciation and Amortisation

Depreciation and amortisation of £1.0m (FY22: £1.0m) principally comprised intangible amortisation following the acquisition of the OpenConnect entity in 2019 and the Australian entities in 2017.

Taxation

The Group had a tax charge in the year of £0.3m (FY22: £0.1m). The Group operates a transfer pricing policy to ensure that profits are correctly recorded in each of the jurisdictions

in which it operates. ActiveOps has brought forward tax losses in the UK and Irish legal entities that currently reduce the overall tax rate of the business.

Statutory Results

The Group reported a loss of £0.7m (FY22: loss £2.6m) for the year.

Earnings per Share

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

Dividend

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

Balance Sheet

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

Goodwill and intangible assets

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

Cash flow

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

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

Ken Smith

Chief Financial Officer

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

PROUD TO BE A DIVERSE, GLOBAL BUSINESS

ActiveOps has always been proud to be a diverse, global business and has sought to adopt sound governance structures through its development.

Since our listing in March 2021 we have adopted a more formal approach to managing and developing our ESG agenda in the business with the implementation of a formal framework, and ongoing work to embed appropriate policies and practices across the ESG framework into the business.

The Group ESG agenda supports this goal by delivering positive impacts for our employees, the environment and our wider group of stakeholders.

This report represents the Environmental, Social and Governance information and metrics which have been adopted by ActiveOps since being quoted on the AIM market of the London Stock Exchange and includes details of the ongoing development, management and measurement of the Group policies and procedures since.

ESG Management

The Board has established an ESG committee led by Hilary Wright (independent Non-Executive Director) with appropriate representation from within the business. In FY23 the committee met to consider the ongoing appropriateness of the Global Reporting Initiative (GRI) framework, progress against the identified GRI standards that were selected in the previous year, and considered additional GRI's that were felt to be appropriate for the business.

The GRI framework is comprised of three core standards and 33 individual standards broken down between Environmental (8 standards), Social (18 standards) and Economic & Governance (7 standards) as noted below.

Following the above review, the ESG committee has added an additional standard concerned with training and education (GRI 404) that will be reported on going forward, with enhancements to a further two standards, to add to the previous 6 standards that were reported on in the FY22 Annual Report.

Environmental (planet)

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

As a supplier of software solutions, we have no manufacturing facilities, and our premises exclusively comprise office space with measures taken over the last year to reduce the office space requirements in both the US and Australia. The Group actively minimises waste and has adopted recycling policies, for example, in respect of our paper consumption, as well as ensuring energy usage is efficiently managed both inside and outside of office opening hours. As a Group, we are committed to proactively reducing our carbon footprint and have put in place measures to assess the current position of the business.

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

Travel to meet customers and to enable effective collaboration between teams is an important part of the Group's operations. Since the COVID-19 pandemic when travel was at minimum levels, the Group has increased travel as we believe it is important for business performance, individual development and well-being to enable teams to meet in person on an appropriate basis. Whilst we continue to prioritise remote delivery solutions, the lifting of travel restrictions has naturally lead to an increase in travel to customer sites, with some customers requiring on-site presence of our Delivery team, although remote delivery accounts for most of the implementation work completed. We will be closely monitoring our travel requirements and will continue to deliver remote implementations and support as long as it meets our existing customer service standards.

Within the Global Reporting Initiative (GRI), ActiveOps has identified environmental standards which are relevant to the business, including the reporting of energy usage and CO₂ emissions. Scope 2 emissions are calculated using data from our offices across the world, reflecting how we heat and cool our offices along with the electricity we use. Data centre energy consumption is part of the Microsoft Azure hosting service, which is carbon neutral. Scope 3 emissions are predominantly from travel, hotel stays and outsourced support and activities by key suppliers.

CO₂ emissions for Scope 2 have increased as the occupancy levels of the offices has increased and required more energy to maintain, post COVID. During the year the company has reduced the office space footprint in the Dallas based office and moved out of the Adelaide based office with a small increase in space in the Melbourne office. The Adelaide office is leased until August 2023.

Scope 3 emissions have increased as a result of greater levels of travel by the business as travel levels return to pre-COVID levels. Travel in 2022 was significantly lower than pre-COVID-19 travel and consequently FY22 does not provide a stable baseline against which to set targets.

Scope 1 emissions represent direct emissions from activities owned or controlled by the company that are released straight into the atmosphere. No emissions have been under this scope have taken place during the year. Given the movement in CO₂ consumption over the last year the Company plans to track data for one further year before considering if, and how, targets will be set for CO₂ consumption.

The Group has evaluated all other areas covered by GRI 300 and concluded that the standards were either not applicable or the impact on the business was not material.

GRI 302 – ENERGY CONSUMPTION

Scope	FY23				
	Emissions (tCO ₂ e)	Energy consumption (kWh)	% of total	Tonnes CO ₂ /FTE	kWh/FTE
Scope 2 – Indirect emissions from purchased electricity in our offices	22	116,078	5%	0.1	649
Scope 3 – Other indirect emissions, primarily travel and hotel stays	450	2,401,538	95%	2.5	13,423
Total	472	2,517,616	100%	2.6	14,072

Scope	FY22				
	Emissions (tCO ₂ e)	Energy consumption (kWh)	% of total	Tonnes CO ₂ /FTE	kWh/FTE
Scope 2 – Indirect emissions from purchased electricity in our offices	11	56,958	7%	0.1	306
Scope 3 – Other indirect emissions, primarily travel and hotel stays	137	729,152	93%	0.7	3,920
Total	148	786,110	100%	0.8	4,226

Calculated based on electricity consumption where available, converted to CO₂ or cost incurred and converted to kWh at a rate of 0.19kWh/Tonne CO₂ in accordance with Government guidance.

Hosting facilities are provided on the Microsoft Azure platform which is a 100% carbon neutral platform – no CO₂ consumption has therefore been included.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT CONTINUED

Social (communities and people)

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

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

We are committed to giving back through engaging in charitable and volunteer efforts within our local communities to enable individuals to flourish through learning. As an example, in South Africa, two learnership placements were provided to

individuals under the National Framework Qualification programme. We support our people to contribute one day per year to volunteer programmes by sharing their knowledge, experience and enthusiasm.

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

Following the annual employee engagement survey that was conducted in FY22 with an overall engagement score of 4.0 out of 5.0, the business conducted a culture review survey in FY23 with a response rate of 79% and an overall engagement score of 72% across the business with a breakdown by age, gender and ethnicity to improve the

understanding of the business across the different demographics in the business. The survey was followed up with smaller group sessions to give further context to the results and to enable direct feedback to be collated and developed into an appropriate action plan.

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

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

GRI 401 & 405 – EMPLOYMENT DIVERSITY AND EQUAL OPPORTUNITIES

Gender	Women		Men	
	2022	2023	2022	2023
Existing workforce	36%	35%	64%	65%
New hires	25%	38%	75%	62%
Leavers	33%	45%	67%	55%
Governance board	33%	27%	67%	73%
Managers	37%	26%	63%	74%
Employees	36%	35%	64%	65%

Age	Less than 30 years old		30-50 years old		Over 50 years old	
	2022	2023	2022	2023	2022	2023
Existing workforce	16%	11%	65%	68%	18%	21%
New hires	21%	21%	65%	68%	14%	12%
Leavers	17%	21%	56%	57%	28%	23%
Governance board	0%	0%	50%	47%	50%	53%
Managers	14%	3%	72%	74%	14%	23%
Employees	18%	11%	65%	68%	17%	21%

GRI 401 – Employment

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

During the year ActiveOps reviewed and enhanced maternity and paternity benefits and reviewed its Ways of Working policy to ensure it remains relevant to the business.

GRI 404 – Training and Education (additional standard included)

Developing our people is important to the success of the Group with training offered in support of this. ActiveOps has tracked usage of the LinkedIn learning platform that was implemented in January 2021 with over 200 training modules completed and over 450 hours of content viewed. ActiveOps has continued with comprehensive information security and data protection training for all staff to ensure the highest standards in this area are maintained across the business. ActiveOps allocates a specific budget for training each year, from which employees may request funding for training and development activities.

GRI 405 – Diversity and Equal Opportunities

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

GRI 406 – Non-Discrimination

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

Any incidents of discrimination, harassment or bullying that are reported are fully investigated by the Company.

Governance

A strong corporate governance foundation is important, and the group has adopted the Quoted Companies Alliance (QCA) code which is constructed around ten broad governance principles. Further detail on how we comply with each principle can be found in our Corporate Governance statement on page 38.

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

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

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

- Anti-Bribery & corruption – completed full risk assessment and formal training completed during FY23.
- Company Code of conduct aligned to the Chartered Management Institute Code of Conduct and Practice.
- Whistleblowing policy
- The Group's approach to tax and an anti-evasion tax policy.
- Vendor management policy.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group faces various risks and uncertainties that have the potential to impact the Group financially, operationally, strategically and reputationally. While it is not possible to identify or anticipate every risk, the principal risks and uncertainties faced by the Group and the steps in place to mitigate these risks are described below. The Board has overall responsibility for risk management and internal controls and is fully supported by the Audit Committee.

Risk

Growth strategies and management

As detailed on page 16 and 17, the Group intends to carry out certain growth and expansion strategies. The Group's growth and future success will be dependent to some extent on the successful completion of such growth and expansion strategies currently or proposed to be undertaken by the Group and the sufficiency of demand for the Group's products. The Group's growth strategy is partly reliant on expanding its user base with its customer as a result of successful early deployments and strong customer relationships. Any failure of the Group's solutions to deliver value in this crucial expansion phase would significantly impede growth.

Significance of key account relationships

The Group has certain key customers who may seek lower prices or may reduce their demand for a product or services of the Group. The relationship of the Group with its key customers could be materially adversely affected by a number of factors, including: a decision by a key customer to diversify or change how, or from whom, they source a product or services currently provided by the Group; an inability to agree on mutually acceptable pricing terms with any one of its key customers; or a significant dispute with or between the Group and one of its key customers. If the Group's commercial relationship with a number of its key customers terminates for any reason, or if a number of its key customers significantly reduces its business with the Group and the Group is unable to enter into similar relationships with other customers on a timely basis, or at all, the Group's business, its results of operations and/or its financial condition could be materially adversely affected.

Technology change and competition in a rapidly evolving market

In today's rapidly evolving market, the Group expects that new technology will continue to emerge and develop. Although the Directors believe that significant barriers to entry exist in the markets in which the Group operates, including the deep domain knowledge necessary in order to be able to design and specify its technology, the risk exists that new technology may be superior to, or render obsolete or unmarketable, the products that the Group currently offers. In order to limit the impact of technological changes and remain competitive, the Group must continually update its products. The Company's success will depend, in part, on its ability to develop and adapt to these technological changes and industry trends.

Undetected defects in the products provided by the Group

The Group's business involves providing customers with a reliable product. If a product contains undetected defects when first introduced or when upgraded or enhanced, the Group may fail to meet its customers' performance requirements or otherwise satisfy contract specifications. As a result, it may lose customers and/or become liable to its customers for damages and this may, amongst other things, damage the Group's reputation and financial condition. The Group endeavours to negotiate limitations on its liability in its customer contracts where possible, however, defects in a product could result in the loss of a customer, a reduction in business from any particular customer, negative publicity, reduced prospects and/or a distraction to its management team. A successful claim by a customer to recover such losses could have a material adverse effect on the Group's reputation, business, prospects, results of operation and financial condition.

Mitigation

The Company's growth and expansion strategies are largely structured around 'known variables' – growing in established markets and targeting sectors in which we have strong credibility, on the back of tried and tested assumptions around price and penetration.

In addition, there is clear communication of strategy and alignment throughout the organisation, with the Executive Management Board responsible for delivering against defined strategic initiatives. The Group's growth and expansion strategy is carefully budgeted and resourced for, with clear metrics for success.

Customer success is an integral part of the Group's focus, with regular reviews of customer performance against benchmark data to ensure customers are getting maximum value from our products and services and aligning with customer's strategic imperatives in order to secure account retention.

Senior Leader Councils exist in each of our regions and meet twice per year. Members of the councils are drawn from the leadership team within our customers and contribute their thinking to our product development roadmap, ensuring that our products meet emerging business needs.

A comprehensive set of Customer Success metrics, including customer health and usage, are prepared each month and reviewed by the Group's Operations Board.

Technological change broadly takes two forms: (i) advances in our competitors' technology offerings and functions which could render our products uncompetitive; and (ii) advances in the underlying technology frameworks, models, security frameworks and architectures used to deliver and host SaaS software, which pose a risk that our products are not accepted by the IT influencers within our customers.

In mitigation of the first risk, our expertise in the market and relationships with analysts and customers mean that we have a roadmap of feature development that allows the Group to remain at the forefront of the market. Furthermore, our product function devotes significant effort to analysing market trends and staying ahead of them, while substantial investment in the development team means we are well placed to deliver on our targets.

To address the second risk area, we ringfence capacity away from feature development into a technical architecture 'lane', with activity directed by the development management team. This pool of developers is dedicated to ensuring that we remain current in the tools, frameworks and technologies in use, that announcements in the security community are acted upon quickly. As a result, our underlying platform offers the stability, speed and resilience needed to underpin the functional development we offer.

The Group utilises a variety of tools and techniques to detect any defects early and remediate them prior to release. Independent, continuous, third-party security and penetration testing is performed 24/7 against both released versions and current development branches. Static code analysis (SCA) tools are utilised within the build pipeline to ensure scanning takes place. Unit test coverage is monitored by those SCA tools and coverage requirements enforced. A combination of manual scripted, automated and exploratory testing provides regression testing and release testing, while staff-only builds provide the opportunity for Group staff employed outside of Technology to interact with versions prior to release. Release cadences vary by product but are designed in all cases to provide the opportunity to release patches and fixes rapidly where a defect or vulnerability comes to light after release. Third party library and components are monitored for vulnerability releases and upgraded out of band if necessary.

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Risk

Reliance on key personnel and management

Attracting and retaining experienced sales and technical personnel is a critical component of the future success of the Group's business as is the continued training and monitoring of such individuals. The Group is somewhat dependent upon key senior management personnel who have extensive experience and knowledge of the Group, its products, its customers, its target markets and its business generally.

The successful implementation of the Group's strategy depends on the continuing availability of senior management and the Group's ability to continue to attract, motivate and retain other highly qualified employees. If members of the Group's senior management depart and adequate succession plans are not put in place, the Group may not be able to find effective replacements in a timely manner and the Group's business may be disrupted or damaged.

Intellectual property

Any intellectual property, whether or not registered owned and/or used by the Group in the course of its business or in respect of which the Group believes it has rights, may be prejudiced and/or open to challenge by third parties (including where such third parties have or claim to have pre-existing rights in such intellectual property). In any such case, the Group may be prevented from using such intellectual property or it may require the Group to become involved in litigation to protect its intellectual property rights, each of which may have a material adverse effect on the Group's reputation, business, prospects, results of operation and financial condition. Conversely, while the Directors believe the Group has taken precautions, they cannot guarantee that any action or inaction by the Group will not inadvertently infringe the intellectual property rights of others. Any infringement by the Group of the intellectual property rights of others could have a material adverse effect on the Group's reputation, business, prospects, results of operation and financial condition. Despite precautions which may be taken by the Group to protect its intellectual property, unauthorised parties may attempt to copy, or obtain and use, its intellectual property and the technology incorporated in them. This could cause the Group to have to incur significant unbudgeted costs in defending its intellectual property and technology.

Risk from cyber-attacks

The Group relies on information technology systems to conduct its operations. Because of this, the Group and its systems are at risk from cyber-attacks. Cyber-attacks can result from deliberate attacks or unintentional events and may include (but are not limited to) third parties gaining unauthorised access to the Group's systems for the purpose of misappropriating financial assets, intellectual property or confidential sensitive information, corrupting data, or causing operational disruption. If the Group suffers from a cyber-attack, whether by a third party or insider, resulting in a breach of confidentiality or a data security breach it may incur significant costs and suffer other negative consequences, such as remediation costs (including liability for stolen assets or information), repairing any damage caused to the Group's network infrastructure and systems and/or fines from the Information Commissioner's Office or third party claims. The Group may also suffer reputational damage and loss of customer or investor confidence.

Inflation

Current levels of inflation across the globe and in the jurisdictions that the company operates in are significantly higher than recent experience. The successful implementation of the Group's strategy depends on the ability to continue to attract, motivate and retain employees. The Group's cost-base is predominantly people based and the group is therefore exposed to inflation driven cost increases. The Group is not significantly exposed to increases in the cost of energy due to the relatively low energy requirements of the software industry.

Mitigation

The Group's performance management framework is designed with an emphasis on development and supporting role and career progression, which is monitored and developed to meet the ambitions of the business and support effective succession planning. In addition, the Group has a broad management structure, with strong second line leadership and very few single dependencies. The business utilises a number of tools to retain its senior management, including annual bonuses and long-term incentive plans.

The Nomination Committee plays a key oversight role in the Group's talent management and succession planning and supports the continued development of a diverse pipeline for both the board and senior management positions.

The Group has sought to protect its intellectual property by the registration of trademarks, entering into non-disclosure agreements with employees, independent contractors and third parties in the ordinary course of its business, implementing and maintaining internal and external controls and processes restricting access to the intellectual property.

The Group employs security testing measures for the software it deploys and on internal systems. The core platform that the Group relies upon operates with a high number of security protocols, including tracking and recording of all security breaches, testing against trending risks, and suggested IT defensive measures.

The IT Group manages strict security protocols and policies to mitigate against any potential security breaches, including obtaining and maintaining external IT and security certifications, to validate the Group's IT environment and controls (the Group is both ISO27001 and SOC 2 compliant and certified). Lastly, the Group deploys an in-house employee training portal and increased communication with employees to provide updates on IT risks and threats and best practice over data security.

The nature of the Group's customers is such that these measures are assessed by their own experts at both sale and renewal time, providing regular and detailed external validation that the steps taken by the Group are appropriate and sufficient.

The Group has planned for salary increases in its forecast projections and takes a proactive approach to reviewing salaries to ensure they are in line with market levels on an annual basis, with ad hoc reviews when required.

The majority of the Group's customer contracts also include annual price reviews that are routinely implemented at contract renewal to mitigate the risk that the value of contracts is eroded by the impact of inflation and helps to offset the impact of salary increases.

SECTION 172 STATEMENT

It is the Board’s responsibility to ensure that ActiveOps is managed in the long-term interests of all shareholders and stakeholders in the business. To this end, the Board considers the needs and concerns of all stakeholders in its duties to the Company, as set out in more detail below.

By seeking to understand the differing stakeholder interests and impacts through a proactive programme of engagement, the Directors ensure that decision-making is informed and that the development and implementation of our strategy leads to long-term, sustainable success for the Company as a whole.

As required by section 172 of the UK Companies Act 2006, the Directors have acted to promote the success of the Company for the benefit of its stakeholders. In meeting this responsibility during the period, the Directors have had regard, amongst other matters, to:

- a. the likely consequences of any decisions in the long term;
- b. the interests of the Company’s employees;
- c. the need to foster the Company’s business relationships with suppliers, customers and others;
- d. the impact of the Company’s operations on the community and environment;
- e. the Company’s reputation for high standards of business conduct; and
- f. the need to act fairly between members of the Company.

Key decisions made during the period include:

- Restructuring the broader Executive team to allow for two separate management teams with specific areas of focus and clear agendas. By allowing key resources to be focused on specific objectives, regardless of location, the Company has been able to drive growth while ensuring that the controls and operations remain robust.
- Commission of an independent culture review survey and engagement project. The decision was made by the Board, and led by a Non-Executive Director, in the interests of continuing to build employee engagement and promoting a diverse, inclusive and socially responsible culture across the organisation.

- Launch of the new product CaseworkIQ, which builds and expands on existing ActiveOps workforce optimisation solutions to support case-work environments. The Board considered customers increased focus on case-work in back-office operations and the Company’s commitment to continue innovating to support customers.
- Investment in the development of our Marketing function, including the appointment of a CMO. An increased investment in this area enables the Company to go to market in a more compelling and consistent way, as well as leverage its product offerings and roadmap to optimise future growth and customer retention.
- Reduction in the size of the North American sales function, to enable a focus on strategic enterprise customers, thus reducing the focus on smaller organisations.

The following paragraphs summarise how the Directors fulfil their duties.

Shareholders

The Company looks to develop a broad investor base with those who share our values and are supportive of our strategy. In achieving this objective, the Directors recognise that effective engagement with shareholders is key. In addition to engaging through the Company’s Annual General Meeting (AGM) and through stock exchange announcements, the Executive Directors, supported by the Company’s NOMAD and Investor Relations advisors, meet with institutional shareholders and analysts after the announcement of results or as otherwise required. These meetings will involve discussion of the Company’s strategy, performance and objectives, and provide a valuable forum for investors to offer feedback. Investors and other stakeholders can also access information about the Company on our website.

Employees

The Company recognises that our employees are our most important resource and that their drive for success is a key contributor to the future growth of the Company. During FY23 the Company commissioned a ‘culture review’ survey. The objective of the survey was to engage with employees to understand more about their views on what it is like to work at ActiveOps, how this may have changed post pandemic and IPO, to ensure we are fostering a diverse, inclusive and socially responsible culture throughout the Group. The survey had a high response rate and produced very positive results, with clear themes being that our employees feel the Company has a strong culture of teamwork and is an inclusive, collaborative and supportive place to work. Encouragingly, 82% stated that our Ways of Working policy, which was introduced during FY22, allows them to be more productive in their roles. The survey was followed up with a series of group and individual discussions across the Company, the purpose of which was to engage in a dialogue about culture, diversity and what social responsibility means to our people and how we can grow and improve as a collective. This activity also highlighted several opportunities for improvement which are being addressed within the Group’s plans for FY24, for example the creation of an internal communications and engagement function.

The CEO, as an Executive Director, holds regular briefings to employees, providing updates on strategy, goals and progress. These sessions also provide a forum for employees to ask the CEO questions or give their own views and reflections. The CEO also chairs a “Change Crowd” forum where employee representatives are engaged in employee and organisation change matters.

Customers

Effective engagement with customers allows the Company to understand customer needs, identify opportunities and challenges, as well as plan our product development and strategy to promote long term value. Relationship Managers undertake a structured programme of meetings with customers to ensure that the value they get from our products and services is maximised. The meetings include a review of customer performance against our benchmark data to identify further opportunities for improvement, and a review of the customer's strategic imperatives for the year.

Senior Leader Councils exist in each of our three geographical regions and meet twice per year. Members of the councils are drawn from the leadership teams of our customers and contribute their thinking to our product development roadmap ensuring that our products meet emerging business needs.

A comprehensive set of Customer Success metrics are prepared each month and reviewed by the Group's Operations Board. These metrics include customer health and usage.

In January 2023, the Company launched the OpsTracker quarterly report, which analyses our proprietary OpsIndex benchmarking data to identify key trends for leading operations in financial services and business outsourcers.

We were delighted to welcome customers to the annual ActiveOps 'Capacity 22' conferences held in London and Melbourne during October 2022. The theme of the conference was 'Do More with Less' and provided attendees with ideas and practical examples of how to leverage more productivity, drive better visibility and enable effective decision making during turbulent times. The conferences enjoyed record attendance and featured an impressive line-up of customers, partners and industry experts.

Partners

Our partner relationships are increasingly important to the success of the Company. Our partners are an important route to market but also have a key role in maintaining some of our customer relationships. Our sales and relationship management teams work closely with our partners to integrate our solutions into their wider offerings and to equip them with the resources and knowledge of our products to ensure their customers achieve the same value as a customer working directly with ActiveOps.

Communities and the environment

As a business, we are passionate about our purpose, to make operations the strength of what you do. We are proud that strong operations have not only a transformative impact on organisational success but also a positive impact on the working lives of employees. Our Corporate Social Responsibility (CSR) policy sets out to our responsibility toward the environment. Our company's existence is part of a bigger system of people, values, other organizations and of the environment. We are committed to giving back through engaging in charitable and volunteer efforts within our local communities that enable individuals to flourish through learning. We do this by hosting fundraising activities which bring employees together in a united effort to help others in need. The Company actively encourages our people to contribute one day per year to educational volunteer programmes by sharing their knowledge, experience and enthusiasm to help disadvantaged people learn, supporting them in achieving their ambitions.

Having adopted the GRI framework during FY22, as part of the Company's continued commitment to improving and measuring environmental and social contributions, the Company has made solid progress in embedding this framework across the organisation. The GRI framework is an important tool in helping the Company to ensure it maintains high standards of business conduct across its operations. More information about our ESG focus during the year can be found on page 24.

The Strategic Report was approved by the Board on 7 August 2023.

Ken Smith
Director

BOARD OF DIRECTORS



SEAN FINNAN
NON-EXECUTIVE CHAIR

Appointed: 2019

Sean has over 30 years' experience driving change within international organisations. He joined the Board as a Non-executive Director in 2014 before becoming the independent Non-executive Chair in 2019. Sean previously held a range of senior international leadership roles in the services divisions of IBM, HP and EDS, with P&L responsibility for businesses with multi-billion revenues. He was also President of TechUK (formerly Intellect). He holds an MBA and an MSc in Organisational Behaviour.



RICHARD JEFFERY
CHIEF EXECUTIVE OFFICER

Appointed: 2005

Richard has over 25 years' experience in enterprise software and specialist management consultancy. He co-founded the Group in 2005 alongside Neil Bentley having spent the previous ten years productising and implementing the AOM methodology.



MICHAEL MCLAREN
NON-EXECUTIVE DIRECTOR

Appointed: 2021

Mike is currently the full time Chief Financial Officer of FDM Group (Holdings) plc, a FTSE 250 listed IT services business. Mike joined FDM in 2011 when it was under private equity ownership prior to listing in late 2014. Mike has been an Executive Director, independent Non-executive Chair and Non-executive Director on the Boards of a number of other companies. Mike is a Fellow of the Institute of Chartered Accountants in England and Wales.



- A** Audit Committee
- R** Remuneration Committee
- N** Nomination Committee



KEN SMITH
CHIEF FINANCIAL OFFICER

Appointed: May 2023

Ken has over 30 years' experience in senior finance and management roles in the technology sector. He joined the Group in May 2023 and previously held key positions at Alphameric plc, where he was CFO, Clarity Commerce Solutions plc, where he was CEO, and Memset Limited, where he was Chair. His other experience includes consulting and mentoring roles in the SME sector. Ken is a member of the Institute of Chartered Accountants of Scotland.

Prior to Ken's appointment, Paddy Deller served as CFO from 2015 to May 2023.



HILARY WRIGHT
NON-EXECUTIVE DIRECTOR

Appointed: 2021

Hilary is currently a Non-executive Director of Midwich Group plc, a specialist audio visual distributor to the trade market, and a Director of Plan4Purpose Ltd, a bespoke coaching company. She joined the Board in March 2021 and was previously the Group Human Resources Director of Domino Printing Sciences plc who she joined in 2016. Her background was formed in retailing, more latterly with Cambridge-based engineering and technology companies, which is where she gained her global experience and was involved in several acquisitions. She has held both strategic and operational roles and devised and led the HR direction for significant global growth; ensuring people development, succession planning and talent acquisition are aligned for transformational change. Hilary is a fellow of the Chartered Institute of Personnel and Development.



THE SENIOR MANAGEMENT TEAM



KULJIT BAWA
MANAGING DIRECTOR: EUROPE, MIDDLE EAST, AFRICA AND INDIA (EMEIA)

Location: UK
Areas of responsibility –
 EMEIA region sales, EMEIA region P&L

Boards



KEVIN EVANS
CHIEF TECHNOLOGY OFFICER

Location: UK
Areas of responsibility –
 Technology strategy,
 Alliances and partnerships

Boards



REBECCA HUGHES
GENERAL COUNSEL AND COMPANY SECRETARY

Location: UK
Areas of responsibility –
 Group legal and risk
 PLC company secretary

Boards



PAULA BROWN
HEAD OF OPERATIONS EMEIA AND GROUP OPERATIONS RISK

Location: South Africa
Areas of responsibility –
 EMEIA region delivery and customer success,
 Group operational risk management

Boards



ALEX GINGER
HEAD OF STRATEGY AND CORPORATE DEVELOPMENT

Location: UK
Areas of responsibility –
 Corporate development,
 HR and Group operations

Boards



SPENCER O'LEARY
MANAGING DIRECTOR: NORTH AMERICA

Location: UK
Areas of responsibility –
 NA region sales, NA region P&L

Boards



STUART PUGH
CHIEF PRODUCT OFFICER

Location: UK
Areas of responsibility –
 Product management & development,
 SaaS operations

Boards



E Executive Board

O Operations Board



EMMA PRICE
HEAD OF GROUP CUSTOMER SUCCESS

Location: UK

Areas of responsibility –

Customer success practices,
 T&I product development

Boards



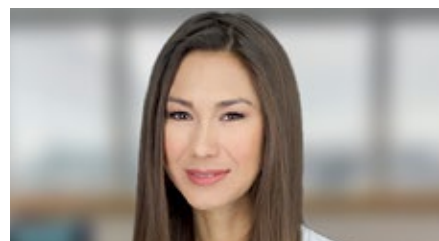
JOY SANTOSH
HEAD OF OPERATIONS: NORTH AMERICA

Location: USA

Areas of responsibility –

NA region customer success,
 NA region implementation delivery

Boards



ANNA WILSON
EVP TECHNOLOGY OPERATIONS

Location: USA

Areas of responsibility –

SaaS support services,
 SaaS infrastructure delivery

Boards



JANE LAMBERT
MANAGING DIRECTOR: ASIA PACIFIC

Location: Australia

Areas of responsibility –

APAC region sales, APAC region P&L

Boards



BHAVESH VAGHELA
CHIEF MARKETING OFFICER

Location: UK

Areas of responsibility –

Marketing strategy and operations

Boards



RICHARD WINSTOCK
EVP SOFTWARE DEVELOPMENT

Location: UK

Areas of responsibility –

Software engineering,
 Quality assurance

Boards



CHRIS SANDERS
HEAD OF FINANCE

Location: UK

Areas of responsibility –

Financial Accounting
 Commercial finance

Boards



CORPORATE GOVERNANCE STATEMENT
CHAIR'S INTRODUCTION

COMMITTED TO MAINTAINING THE HIGHEST STANDARDS



Dear Shareholder,

I am pleased to report on the corporate governance undertaken by the Group during the period under review.

The Board is committed to maintaining high standards of corporate governance and considers that a strong corporate governance foundation is essential in delivering shareholder value. The Company has adopted the Quoted Companies Alliance Corporate Governance Code 2018 (the "QCA Code"), the corporate governance code tailored for small and mid-size quoted companies and considers this to be appropriate given the nature of ActiveOps' activities and the size of the Company.

The QCA Code is constructed around ten broad principles which ActiveOps seeks to fully adhere to.

Set out over the following pages is an explanation of how the Company currently complies with the principles of the QCA Code and, to the extent applicable, those areas where the Company's corporate governance structures and practices differ from the expectations set out in the QCA Code.

A handwritten signature in black ink that reads "Sean Finnan".

Sean Finnan
Chair

Principle 1: Establish a strategy and business model which promotes long-term value for shareholders

The Board leads the development of the Group's strategy, whilst ensuring the values remain aligned with this principle.

The Board meets regularly to review:

- Operational and business performance.
- Sales, customer success, marketing and product development progress.
- Strategic considerations.
- The progress of previously agreed actions.

The Group has a clear and proven growth strategy to penetrate its large addressable market in the key sectors of banking, insurance and Business Process Outsourcing (BPO). The Group's Growth Strategy has five pillars, described below, and outlined in more detail in on page 16.

- Operations research.
- Industry leading solutions.
- Industry benchmarks.
- Enterprise fitness.
- Recognition of Management Process Automation.

Principle 2: Seek to understand and meet shareholder needs and expectations

The Company is committed to open, two-way communication with its shareholders so there is a clear understanding of its strategy, business model and performance.

The Chief Executive Officer and Chief Financial Officer have regular dialogue with shareholders and analysts to discuss progress against strategy, including the Group's financial results. They meet with its major shareholders in the days following the release of the Company's interim and annual results, to discuss the results statement and to understand the needs and expectations of these shareholders.

Whilst being mindful of the requirements of the AIM Rules and Market Abuse Regulation, the Board may engage with shareholders directly from time to time in relation to matters those shareholders wish to discuss.

The Company seeks to engage with its shareholders through updates to the market via the appropriate regulatory news channels on matters of a material substance and/or regulatory nature. In conjunction with the Company's brokers and other financial and public relations advisers, all relevant news is distributed in a timely fashion through appropriate channels to ensure shareholders are able to access material information on the Company's progress. The Company's website has a section for investors, which contains all publicly available financial information and news on the Company.

The Board recognises the AGM as an important opportunity to engage with shareholders who are given notice of the AGM at least 21 days prior to the meeting. The Chair, together with all other Directors attending the AGM, will be available to answer questions raised by shareholders.

Where feedback is provided, including voting decisions against any of the Company's proposed resolutions, the Board will engage with those shareholders to hear and address any issues.

Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long term success

The Company is aware of its corporate social responsibilities and the need to maintain effective working relationships across a range of stakeholder groups. These include the Company's investors, employees, customers, partners, suppliers and regulatory authorities. The Company's operations and working methodologies take account of the requirement to balance the needs of all these stakeholder groups while maintaining focus on the Board's primary responsibility to promote the success of the Company for the benefit of its shareholders as a whole. The Company dedicates significant time to obtaining feedback on the needs and requirements of these groups which is then, where appropriate, considered by the Board and acted upon.

The Company is committed to attracting and retaining the highest quality of talent and to promoting diversity and equal opportunities. The Company seeks to achieve this through the application of high standards in recruitment and development and providing a strong supportive culture of continuous improvement and innovation. All employees have objectives and have regular dialogue with their managers in relation to personal objectives, team objectives and alignment with the Company's values. Employees are also encouraged to develop their skills and budget is provided for employee training and development. The senior management team engages in regular business update briefings with employees and conducts an annual employee engagement survey. A committee representing employees from across the Group's operations supports the senior management team in designing and implementing change effectively.

The Company seeks to be honest and fair in all relationships with customers, partners and suppliers and encourages feedback from all parties. The Company pays particular attention to its customer relationships and has established a customer success function which is charged with ensuring customers maximise the value of their investment. As a result, the Company is typically regarded as a trusted partner by customers.

The Company takes due account of any impact that its activities may have on the environment and seeks to minimise this impact wherever possible. Through the various procedures and systems it operates, the Company ensures full compliance with health and safety and environmental legislation relevant to its activities. The Company uses the GRI framework, and is focused on developing and implementing a robust ESG agenda supported by appropriate reporting, along with ongoing development of procedures and policies supporting the Group's ESG goals.

Further detail of how the Company engages with key stakeholders is set out in the Section 172 Statement on page 24.

CORPORATE GOVERNANCE STATEMENT CONTINUED

Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Board is ultimately responsible for the Company's systems of risk management and internal control and for reviewing the effectiveness of those systems in light of any risks identified. The systems are reviewed for effectiveness by the Audit Committee and the Board.

The Company's systems of risk management and internal control are designed to help the Company meet its business objectives by appropriately managing the risks relating to those objectives. The controls can only provide reasonable, not absolute, assurance against material misstatement or loss.

The Board is aware of the need to conduct regular risk assessments to identify any deficiencies in the controls currently operating over all aspects of the Company. To that end the Board maintains a risk register for all activities of the Company. The risk register details the potential risk likelihood and impact, mitigating factors, action owner and appropriate controls and mitigation strategies. The Risk Management Committee meets regularly to consider new risks and opportunities presented to the Company, making recommendations to the Executive Management Board, Chief Executive Officer, Board and/or the Audit Committee as appropriate.

A summary of the principal risks relating to the Group are detailed in the Principal Risks and Uncertainties section on page 28.

A comprehensive budgeting process is conducted for review and approval by the Board. The Company's results, compared with the budget (and any relevant reforecasts), are reported to the Board for consideration.

The Company maintains appropriate insurance cover. The insured values and type of cover are comprehensively reviewed by the Board on a periodic basis, after detailed specialist advice from the Company's insurance brokers.

Principle 5: Maintain the Board as a well-functioning, balanced team led by the chair

The Board takes responsibility for developing long term strategies and providing leadership to the Group as a whole, ensuring obligations to shareholders are met. Through the leadership of the Chair the Board ensures a framework of controls exist which allows for the identification, assessment and management of internal controls and risk, ultimately taking collective responsibility for the success of the Company.

The Board comprises the independent Non-Executive Chair, the Chief Executive Officer, the Chief Financial Officer and two independent Non-Executive Directors. The Board is highly committed and experienced and is supported by a qualified senior management team.

The Chair of the Board has overall responsibility for the corporate governance arrangements of the Company, the provision of effective leadership to the Board, ensuring effective implementation of the Board's decisions. The Executive Directors are directly responsible for the running the business operations of the Group. The Non-Executive Directors are responsible for bringing independent judgement and scrutiny to decisions taken by the Board. The Board has not designated one of the Non-Executive Directors as the senior independent director, as that role is not deemed appropriate at this stage of the Company's development, however, the Board will keep this under review. There is a documented schedule of matters reserved for the Board. The Board is supported by the Audit Committee, the Nomination Committee and the Remuneration Committee, as detailed below under Principle 9.

Principle 6: Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities

Each member of the Board brings different skills and experience to the Board and the Board Committees. The Board is satisfied that there is sufficient diversity in the Board structure to bring a balance of skills, experience, independence and knowledge to the Company.

The Board is supported by the Nomination Committee, which is responsible for reviewing the balance of skills and experience of the directors needed on the Board in the course of its work, as set out in the Nomination Committee Report on page 42. Details of the experience and skills of each of the Directors are given on page 34.

The Board receives at its meetings detailed reports from senior management on the performance of the Group and other information as necessary. Regular updates are provided on relevant legal and regulatory, corporate governance and financial reporting developments.

All Directors have access to the advice and services of the Company Secretary and the Board also obtains advice from professional advisers as and when required.

Specific training will be provided to the Board by the Company when required to support the Directors' existing skillsets.

Principle 7: Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

The effectiveness of the Board, individual directors and senior management is evaluated on an ongoing basis as part of the Board's ongoing review of the business. In addition, the Board undertook an internally facilitated questionnaire based Board evaluation during the financial year. Further details is set out in the Nomination Committee Report on page 40.

The Chair has overall responsibility for ensuring that the Board discharges its responsibilities and is also responsible for facilitating full and constructive contributions from each member of the Board in determination of the Company's strategy and overall commercial objectives. This process feeds into the ongoing evaluation of Board performance.

Board and Committee Attendance

Director	Position	Board	Audit Committee	Nominations Committee	Remuneration Committee	Independence	Full time (FT)/ Part time (PT)
Sean Finnan	Non-executive Chair	9	3	2	2	✓	PT*
Richard Jeffery	Chief Executive Officer	9	n/a	n/a	n/a	n/a	FT
Paddy Deller	Chief Financial Officer	9	n/a	n/a	n/a	n/a	FT
Hilary Wright	Non-executive Director	9	3	2	2	✓	PT*
Michael McLaren	Non-executive Director	9	3	2	2	✓	PT*

* Non-executive Chair and Non-executive Directors are expected to spend a minimum of three days a month on work for the Company.

The Chair has been tasked with assessing the individual contributions of each of the members of the team to ensure that:

- their contribution is relevant and effective;
- they are committed; and
- where relevant, can continue to be considered independent.

The Board has established a senior management team with strength in depth in each of its core functions of Sales, Customer Success, Finance, HR, Technology, Product and R&D which it will draw on, together with appropriate external appointments, with regards to succession.

Principle 8: Promote a corporate culture that is based on ethical values and behaviours

The Board places great emphasis on promoting a corporate culture that reflects the Company's ethical principles and values, and is consistent with the company's objectives, strategy and business model.

As the Company works with an international team, considerable importance is placed on a culture of inclusivity and sensitive communication, thereby ensuring that individual cultural values are respected.

The Company encourages innovation, has flat management structures and encourages a culture of continuous improvement. This helps to ensure that communication and understanding flows well within the Company.

The Board has implemented formal HR policies and procedures that set out details and guidelines on the culture of the Company and how this should be reflected in employees' individual conduct. An anti-bribery statement is on the Company's Intranet and the Company ensures that all employees are aware of the anti-bribery policy which sets out the expectations of the Company so far as acceptable business conduct is concerned and in particular that giving or accepting bribes is not acceptable. These policies, along with all other main compliance policies, are provided to employees upon joining the business and recirculated annually. Training is also provided at the induction course and at regular intervals thereafter to ensure that all employees within the business are aware of their importance.

All Company policies are also available to the employees through the Company's HR system and Intranet. The Board has regular interaction with Group company employees and monitors and promotes a healthy corporate culture in this way. Additionally, it ensures sound ethical practices and behaviours are deployed at Board meetings.

Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision making by the Board

The Board is responsible for the overall leadership of the Group, including the approval of the Group's long-term objectives and strategy, the approval of budgets, the oversight of Group operations, the maintenance of sound internal control and risk management systems and the implementation of the Group's strategy, policies and plans. Whilst the Board may delegate specific responsibilities, there is a formal schedule of matters specifically reserved for decision by the Board. Such reserved matters include, amongst other things, approval of the Group's strategic aims and objectives, approval of significant capital expenditure, approval of the annual operating budget and major corporate transactions.

The Board currently comprises five Directors, of whom two are executive and three are Non-Executive. The Board considers the three Non-Executive Directors, being Sean Finnan, Mike McLaren and Hilary Wright, to be independent for the purposes of the QCA Code. The Board is supported by the Audit Committee, the Remuneration Committee and the Nomination Committee with formally delegated duties and responsibilities, as described below.

Audit Committee

The Audit Committee is responsible for monitoring the integrity of the Company's financial statements, reviewing significant financial reporting issues, reviewing the effectiveness of the Company's internal control and risk management systems and overseeing the relationship with the external auditors, including advising on their appointment, agreeing the scope of the audit and reviewing the audit findings. The Audit Committee Report is set out on page 44.

Remuneration Committee

The Remuneration Committee is responsible for determining and agreeing with the Board the framework for the remuneration of the Executive Directors and other designated senior executives and, within the terms of the agreed framework, determining the total individual remuneration packages of such persons including, where appropriate, bonuses, incentive payments and share options or other share awards. The remuneration of Non-Executive Directors is a matter for the Chair and the executive members of the Board. No Director will be involved in any decision as to his or her own remuneration. The Remuneration Committee Report is set out on page 46.

Nomination Committee

The Nomination Committee is responsible for reviewing the structure, size and composition of the Board, preparing a description of the role and capabilities required by a particular appointment and identifying and nominating candidates to fill Board positions as and when they arise. The Nomination Committee Report is set out on page 42.

Principle 10: Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Company places a high priority on regular communications with its various stakeholder groups and aims to ensure that all communications concerning the Company's activities are fair, balanced and understandable.

The Company's website is regularly updated with announcements or details of investor presentations and events as well as the Company's financial reports. Trading updates and press releases are issued as appropriate and the Company's brokers provide the Board with briefings on shareholder opinion and compile independent feedback from investor meetings for review by the Board.

The Annual General Meeting is used by the Directors to communicate with both institutional and private investors. Every shareholder will have access to the full annual report at each year end and the interim report at each half year end.

Further detail on stakeholder engagement is set out in the Section 172 Statement on page 32.

NOMINATION COMMITTEE REPORT



Dear Shareholder,

As Chair of the Nomination Committee, I am pleased to present the Nomination Committee Report for the financial year ending 31 March 2023.

Committee membership

The Committee comprises Sean Finnan (Chair) Mike McLaren and Hilary Wright who are all independent Non-Executive Directors.

Main responsibilities

The full list of duties of the Nomination Committee is set out in the terms of reference and includes the following areas:

- Oversight of the balance of skills, knowledge, experience and diversity on the Board, to enable it to identify and respond appropriately to current and future opportunities and challenges.
- Assisting in identifying and nominating candidates, the review of the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board.
- Ensuring plans are in place for orderly succession to the Board and senior management positions, including overseeing the development of a diverse pipeline for succession.
- Monitoring the development and execution of diversity and inclusion initiatives and talent development for the wider Group.

Board composition

The Board recognises the importance of a diverse Board and, as such, the Nomination Committee will always take diversity into account when considering new appointments. In all cases, the Nomination Committee will assess candidates on merit and against objective criteria and with due regard for the benefits of diversity on the Board, including gender, taking care that appointees have enough time available to devote to the position.

The Nomination Committee has reviewed the composition of the Board and its committees during the year and has recommended to the Board that, at this early stage, the size, structure and skills of the Board are all sufficient for the needs of the business.

The ratio of Non-Executives Directors to Executive Directors on the Board is 3:2.

Board evaluation

The Board carried out a Board evaluation during the financial year, which was internally facilitated by the Company Secretary, comprising 46 questions across the 10 principles of the Quoted Companies Alliance's Corporate Governance Code. All members of the Board participated in the Board evaluation and it produced a consistent and positive set of results in terms of both the participants' assessment of the strengths and current state of the Board, and also the priorities for further development.

Some of the core strengths identified in the evaluation include effective dialogue with key shareholders, positive and proactive customer engagement, and responsible and accountable decision making. We will continue to focus on how to maximise our positive net impact on the environment and society going forward.

I envisage that we will again hold an internally facilitated Board evaluation in FY24 but will also consider the merit of an externally facilitated Board evaluation in due course.

Succession planning

During FY23, the Nomination Committee led the succession discussions and plans for CFO Patrick Deller, to ensure that his replacement would have the appropriate skills and experience to meet the current needs of the business, as well as to support its strategic goal and growth aspirations going forward. The Nomination Committee continues to monitor the development of the Executive Management Board (EMB) to ensure that, as far as possible, there is a diverse supply of senior executives and potential future Board members. This will remain an area of focus going forward.

Diversity and inclusion

Diversity and inclusion continue to be a priority for the Nomination Committee and the Board. The Board is committed to having a diverse and inclusive leadership team which provides a range of perspectives and insights and the challenge needed to support good decision making. As a global business, ActiveOps recognises the importance of reflecting the diversity of the customers we serve in the composition of our Board and senior management, while celebrating the advantages and opportunities that a diverse organisation affords.



Sean Finnan
Chair

Committee activities during FY23

Evaluation and annual assessment

- Oversight, with the Company Secretary, of the Board performance evaluation process and a review of the results.
- Reviewed the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace.
- Reviewed the time commitments of the Non-Executive Directors.
- Recommended to the Board the re-election of each continuing Director ahead of their re-election by shareholders at the Company's 2023 AGM, having considered the effectiveness, skills, knowledge, experience and time dedicated to discharging the role and being satisfied that the Directors continue to perform well and remain an important component of the Company's long-term success.
- Reviewed the interaction between the Nomination Committee and other Board committees, including the ESG workstreams.

Board composition and diversity

- Review of the Company's diversity statistics and initiatives, as well as succession plans for the senior management team and Board.
- Maintain and review a detailed skills matrix for the Board.
- Reviewed the composition of the Board and its committees and whether the Board required additional skills and experience.
- Considered specific steps to be taken in relation to diversity in Board and executive succession planning.
- Reviewed HR data on gender balance and diversity.

Succession planning

- Focus on succession planning arrangements at both Board and executive level, against a specification for the role and capabilities required for the position and the composition of the Board.
- Considered succession plans for CFO.

AUDIT COMMITTEE REPORT



Introduction

As Chair of the Audit Committee, I am pleased to present the Audit Committee Report for the financial year ending 31 March 2023.

The Committee

The Committee comprises Mike McLaren (Chair), Hilary Wright and Sean Finnan who are all independent Non-Executive Directors. The Committee has recent and relevant experience and is authorised by the Board to conduct any activity within its terms of reference.

Main Responsibilities

The Committee oversees the ActiveOps financial reporting process on behalf of the Board. Management has primary responsibility for the financial statements and for maintaining effective internal control over financial reporting. The Committee's role is to provide support to the Board in meeting its responsibilities as set out in the QCA Code. The full list of duties of the Audit Committee is set out in the terms of reference, and includes:

- Monitoring the integrity of the financial statements, including its annual and half-yearly reports, preliminary announcements and any other formal statements relating to its financial performance.
- Overseeing the relationship with the external auditor, the external audit process and the nature and scope of the external audit, including the auditor's appointment or reappointment, effectiveness, independence and fees.
- Reviewing the effectiveness of the Group's systems for internal financial control, financial reporting and risk management.

Internal control and risk management

The Committee has primary responsibility for the oversight of the Group's internal controls, including the risk management framework. Policies and procedures, including clearly defined levels of delegated authority, are clearly communicated across the Group. Management is responsible for establishing and maintaining adequate internal controls and the Committee has responsibility for monitoring the effectiveness of these controls. It achieves this through reports received from the Company, along with those from the external auditors. Risk registers are maintained and regularly reviewed by management.

The Board, including the Audit Committee, considers the principal risks, the nature and extent of the Company's risk management framework and the risk profile that is acceptable in order to achieve the Company's strategic objectives. The Group's system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and it must be recognised that it can only provide reasonable and not absolute assurance against material misstatement or loss.

During the year, the Committee has not identified, nor been advised of, any failings or weaknesses in the internal control systems or risk management processes that are determined to be significant. It is the Committee's assessment that the processes applied by management to ensure that the internal controls systems are functioning as intended and are providing sufficient and objective assurance. As a result, the Committee's view is that there remains no current requirement for an internal audit function.

Financial reporting

The Committee has reviewed with both management and the external auditor the annual financial statements, focusing on: the overall truth and fairness of the results and financial position, including the clarity of disclosures shown in the statements and their compliance with best-practice requirements; the appropriateness of the accounting policies and practices used in arriving at those results; the resolution of significant accounting judgements or of matters raised by the external auditor during the course of the annual statutory audit; and the quality of the Annual Report and Accounts taken as a whole, including disclosures on governance, strategy, risks and remuneration, and whether it gives a fair, balanced and understandable picture of the Group.

Going concern

The Committee reviewed management's paper on going concern. The Committee assessed and challenged the Group's forecasts and cash flow projections, including consideration of various possible outcomes of future performance and forecast capital expenditure and the potential impact of uncertainties and the Group's future funding plans. Based on this, and the levels of cash liquidity maintained by the company, the Committee is satisfied that the financial statements should be prepared on a going concern basis.

Significant matters considered in relation to the financial statements

During the year ended 31 March 2023, the Committee's prime areas of focus were:

- The integrity, completeness and consistency of financial reporting, including the adequacy, clarity and appropriateness of disclosures. This included reviewing the Annual Report and concluding that it was fair, balanced and understandable.
- The areas where significant judgements and estimates are required in the financial statements.
- The scope and programme of external audit.
- The materiality level used by the external auditor for ActiveOps as a public company.
- Confirmation that the going concern basis of accounting should continue to apply in the preparation of the annual financial statements.
- Reviewing the processes and systems to identify and mitigate the financial and non-financial risks and to consider the appropriateness of the controls to reduce the risk of fraud and exposure to bribery and corruption.
- Reviewing IAS 38 Intangible Assets and the extent to which it applies to ActiveOps' development activities.

External auditor

The Committee's primary responsibility is to make a recommendation on the appointment, reappointment and/or removal of the external auditor. The Committee considers a number of areas when reviewing the external auditor appointment, namely the auditor's performance in discharging the audit, the scope of the audit and terms of engagement, auditor independence and objectivity, criteria for auditor reappointment, and auditor remuneration. Each year, the Committee assesses the effectiveness of the audit process and the external auditor.

In carrying out its assessment it considered:

- Feedback from the Chief Financial Officer and his team, who monitor the external auditor's performance, behaviour and effectiveness during the exercise of its duties.
- All key external auditor plans and reports, which were discussed and challenged.
- The regular engagement with the external auditor during Committee meetings and ad-hoc meetings, including meetings without any member of management being present.
- How the auditors support the work of the Committee and how the audit contributes insights and adds value.
- The Committee Chair's discussions with the Senior Statutory Auditor ahead of each Committee meeting.
- The independence and objectivity of the external auditor.

The Committee also reviewed the proposed audit fee and terms of engagement for FY23. Details of the fees paid to the external auditor during the financial year can be found on page 69. The Committee recognises that the independence of the external auditor is an essential part of the audit framework and the assurance that it provides. The external auditor confirms its independence at least annually.

ActiveOps engages a second independent accounting firm for all tax and consulting work and other non-audit services, to ensure that the independence and objectivity of the auditor are not impaired.

Following the above review and considering that RSM had been auditors of the Group for over 7 years, the Audit Committee concluded that it was appropriate to put the FY24 audit out to tender. Following a robust tender process overseen by the Audit Committee, the Board concluded that MHA be appointed as the Company's auditor for FY24.

Accordingly, a resolution proposing that MHA be appointed as auditor of the group, will be tabled at the forthcoming Annual General Meeting.

REMUNERATION COMMITTEE REPORT



As Chair of the Remuneration Committee, I am pleased to present the Directors' Remuneration Report for the financial year ending 31 March 2023.

Our aim as a Remuneration Committee, through delegated responsibility, is to determine the policy for the Directors remuneration and that of the senior leadership team of ActiveOps in accordance with the QCA Corporate Governance Code (QCA Code) and in the best interests of the business aligned with our strategic goals.

The Committee

The Remuneration Committee was formed on the admission of ActiveOps to AIM in March 2021 and comprises Hilary Wright (Chair), Sean Finnan and Mike McLaren, who are all independent Non-Executive Directors.

Main Responsibilities

The full list of duties of the Remuneration Committee is set out in the terms of reference and includes the following areas:

- Determining the policy and individual remuneration for Directors, including setting the remuneration for the Executive Directors, senior management and Company Secretary as well as the fees for the Non-Executive Directors.
- Ensuring that remuneration arrangements are monitored and aligned to support the Group strategy and effective risk management as well as encourage and reward the right behaviours, values, and culture of the Group.
- Deciding each year on share incentive awards to be awarded and agreeing any performance targets to be used.

Directors' Remuneration policy

The total remuneration package is structured so that an appropriate proportion of the remuneration is linked to performance conditions measured over both the short and long-term. Consideration is given to the balance of cash and share based elements to discourage unnecessary risk taking while making targets suitably challenging.

We are guided by the following principles:

- Remuneration should be set taking account of the various jurisdictions in which the Group operates, while complying with UK PLC norms and good practice.
- The policy should be designed to attract, retain, and motivate high calibre individuals with a weighting on performance related pay.
- Incentive plans should be robust and include metrics and targets directly relevant to ActiveOps and its strategic goals.
- Pay should be structured in such a way that it is simple to understand, both to colleagues and externally.
- Good practice features such as malus and clawback should be included.
- Share ownership should be encouraged across the executive team to ensure a long-term focus and alignment of interest with shareholders.
- Pay structures should not reward behaviour that inappropriately increase the Group's exposure to risks beyond the Group's risk appetite.

The remuneration policy was introduced in March 2021 and remains relevant to ensure remuneration incentivises and rewards the growth of shareholder value through alignment with the Group's strategy and with the interests of the shareholders. We will continue to review this each year.

Committee Activities during 2023

During the financial year 2023 the Remuneration Committee has met twice with full attendance at each meeting and our deliberations included the following:

Directors' bonus payments – The approval of the bonus payments for the financial year ending March 31, 2022. This was based on the targets and expectations set out at the beginning of FY22 with bonus payments made in line with the achievement of the targets set at that time. The details of these payments are set out in the following report.

Name	Shareholding at 31/03/23	Unvested CSOP share options	Vested but unexercised options	Unvested performance Shares	Shares held in the UK Share Incentive Plan
Richard Jeffery	10,232,858	5,952	–	229,239	1,312
Paddy Deller	390,000	2,976	–	245,723	1,312
Sean Finnan	78,262				
Mike McLaren	59,523	–	–	–	
Hilary Wright	11,904	–	–	–	

Richard Jeffery's shareholding includes 407,108 shares held by Susan Jeffery. Upon resignation Paddy Deller has forfeited his unvested performance shares.

Annual salary review of the wider workforce – Ensuring that the company continues to offer competitive, but not excessive, salaries to enable the recruitment and retention of the employees needed in an environment where there is a growing demand for skills. Given the high inflation environment in all jurisdictions that the company operates in, the committee took a tiered approach to the July 2022 review by salary banding the standard pay increase with higher earners receiving a smaller percentage increase than those in the lower tiers. The committee also reviewed salary levels again in December and determined that no further increase was required at that time.

The Committee reviewed progress of the business towards its performance targets established for the financial year on an ongoing basis throughout the year.

Performance targets – The discussion and agreement of performance targets for the financial year ending March 31, 2023, including personal objectives for the Executive Directors aligned with the growth strategy. These are reviewed by the Board of Directors.

Share-based schemes – The committee approved share option awards to the senior team under the Performance Share Plan (PSP 2022) which provides for a long-term incentive scheme for company performance to FY2025. In addition, an application window to the company Group Share Purchase Plan (GSPP) and the UK only Share Incentive Plan (SIP) that were launched in January 2022, was opened in August 2022 to further encourage employees to participate further in the ownership of ActiveOps.

To ensure that specific members of the senior management team are appropriately incentivised and motivated, subsequent to the year end and following consultation with major shareholders, the Committee has agreed to put in place a Stretch Bonus Scheme (SBS) for FY24, with payment linked to stretch targets for the year's performance above those for the standard bonus scheme. If the targets are achieved the bonus will be paid via a deferred share scheme with a two year holding period.

Summary – The Remuneration Committee believes that the arrangements that are in place are in the best interest of the Group and shareholders to deliver success over the long term. The Committee will continue to monitor the appropriateness of the remuneration strategy and will make adjustments with a responsible and transparent approach. Directors' shareholdings. The interests of the Directors and their connected persons in ActiveOps ordinary shares at 31 March 2023 are as follows:

ANNUAL REPORT ON REMUNERATION

Directors' Service Agreements

Executive Directors' Service Agreements

The Remuneration Committee is responsible for approving the terms of the service contracts for Executive Directors and other senior executives. Directors' service contracts are available for inspection at the Company's registered office. Richard Jeffery and Ken Smith have both entered into service agreements with the Company. The service agreement for Richard is terminable on 12 months' notice from either side. The service agreement for Ken is terminable on 3 months' notice from either side. Other than payment of salary and benefits in lieu of notice, the Executive Directors' service agreements do not provide for benefits upon termination of employment.

Non-Executive Director Letters of Appointment

The current Non-Executive Directors' initial appointments commenced on the following dates:

Director	Date of appointment
Sean Finnan –Chair	1 January 2019
Hilary Wright	12 March 2021
Mike McLaren	12 March 2021

Reappointment of Non-Executive Directors is voted for at each AGM.

Hilary Wright and Mike McLaren have Letters of Appointment stating that their appointment is for an initial term of three years from the date of the appointment letter. Their letter of Appointment provides for termination of the appointment with three months' notice by either party.

Sean Finnan's letter of appointment states he is not expected to serve more than five years as Chair from the date of admission to the Alternative Investment Market. He must give three months' notice to resign. If he is not reappointed at an AGM, he receives no further compensation.

Directors' remuneration for the year ended 31 March 2023

The total emoluments paid by the group to each executive director of the company during the year ended 31 March 2023 was as follows:

Executive Director	Salary £	Bonus £	Pension £	BiK £	Total £
Richard Jeffery	206,225	33,980	12,374	1,605	254,184
Paddy Deller	175,460	28,900	10,528	1,662	216,550
	381,685	62,880	22,902	3,267	470,734

The total emoluments paid by the group to each non-executive director of the company during the year ended 31 March 2023 was as follows

Non-Executive Director	Salary £	Bonus £	Pension £	Fees £	Total £
Sean Finnan	65,000	–	–	–	65,000
Mike McLaren	45,000	–	–	–	45,000
Hilary Wright	45,000	–	–	–	45,000
	155,000	–	–	–	155,000

The total emoluments paid by the group to each executive director of the company during the year ended 31 March 2022 was as follows:

Executive Director	Salary £	Bonus £	Pension £	BiK £	Total £
Richard Jeffery	200,000	48,371	12,000	1,987	262,358
Paddy Deller	170,000	31,866	10,200	2,032	214,098
	370,000	80,237	22,200	4,019	476,456

The total emoluments paid by the group to each non-executive director of the company during the year ended 31 March 2022 was as follows:

Non-Executive Director	Salary £	Bonus £	Pension £	Share option gains £	Total £
Sean Finnan	65,139	–	–	–	65,139
Mike McLaren	45,000	–	–	–	45,000
Hilary Wright	45,000	–	–	–	45,000
	155,139	–	–	–	155,139

Directors' share options

Options over ordinary shares in the company granted to the directors which remained outstanding at 31 March 2023 were as follows:

Director	Option type	Option price (£)	Balance as at 31 March 2022	Granted in the year	Exercised in the year	Balance as at 31 March 2023
Richard Jeffery	CSOP	1.680	5,952	–	–	5,952
	PSP	0.001	119,040	110,199	–	229,239
Paddy Deller	CSOP	1.680	2,976	–	–	2,976
	PSP	0.001	151,800	93,923	–	245,723

The CSOP and PSP share options were granted on the 29 March 2021 and they each carry a vesting date of the 29 March 2024. The new PSP share options were granted on 27 July 2022 and they carry a vesting date of 27 July 2025.

Directors' beneficial interest in shares

Set out below are the beneficial interests of the directors in the share capital of the company:

Shares held by each Director	2023	2022
Richard Jeffery*	10,232,858	9,982,858
Paddy Deller	390,000	390,000
Sean Finnan	78,262	78,262
Michael McLaren	59,523	59,523
Hilary Wright	11,904	11,904

* Richard Jeffery's shareholding includes 407,108 (2022: 157,108) shares held by Susan Jeffery.

DIRECTORS' REPORT

The following information is provided in the Strategic Report and is incorporated into the Directors' Report by way of reference:

- Likely future developments in the business – this is disclosed in the CEO's statement on page 8.
- Research & development activities – this is disclosed in the CFO's report on page 8.

Directors and their interests

The following individuals served as Directors from 1 April 2022 to the date of this report:

- Richard J Jeffery – CEO
- Ken Smith – CFO, appointed 1 May 2023
- Paddy Deller – CFO, resigned 1 May 2023
- Sean Finnan – Non-Executive Chair
- Hilary Wright – Non-Executive director
- Mike McLaren – Non-Executive director

Directors' interests and shareholdings are contained within the Remuneration Report on pages 48 and 49.

Dividends

No dividends have been recommended by Directors or paid to shareholders in this or the previous financial year.

Auditors and their independence

In accordance with the Company's articles, a resolution proposing that MHA be appointed as auditor of the Company and the Group will be proposed at the AGM. The Company has a policy for approval by the Audit Committee of non-audit services by the auditor, to preserve independence.

Disclosure to external auditor

So far as the directors are aware, there is no relevant audit information of which the Company's auditor is unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the Company's auditor is aware of that information.

Directors' indemnities

The Group maintains appropriate Directors' and Officers' insurance and has done so throughout the financial year. This remains in force as at the date of this report.

Political donations

The group has a policy of not making political contributions. No political donations have been made during the 2023 financial year (2022: nil).

Employees

The Company operates an equal opportunities policy which includes those who are classed as disabled. Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. Individuals who identify as disabled are given equal opportunities with other employees in relation to training, development and promotion.

Health, safety, the environment and the community

The Group is committed to being of benefit to the communities it serves across the globe. This is explained in our ESG Report on pages 24 to 27.

Share capital

Details of the authorised and issued share capital of the Company and options over shares of the Company are set out in notes 20 and 21 to the financial statements.

Financial Instruments

Disclosure of the exposure of the Group to liquidity, foreign exchange, credit and interest rate risk are disclosed in notes 2, 16, 17 and 23 to the consolidated financial statements.

Going concern

ActiveOps plc maintains a positive net assets position with a significant cash balance of £15.4m as at March 2023. The Group also benefits from positive operating cashflows, ensuring that the business remains financially robust, with strong prospects for the future. The Directors recognise that world events do create risks and uncertainties. The Directors have considered appropriate measures to respond to the uncertain outlook and ensure that the Group remains a going concern for a period of at least 12 months. The Directors have reviewed cash flow forecasts for the business covering a period of at least 12 months from the date of approval of these financial statements, and together with the projected revenue and available cash reserves, they are confident that sufficient funding is available to support ongoing trading activity and investment plans for the business. The financial statements have therefore been prepared on a going concern basis.

On behalf of the board

Ken Smith

Director and Group CFO
7 August 2023

DIRECTORS' RESPONSIBILITIES

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

Company law requires the Directors to prepare financial statements for each financial year. The Directors have elected under company law and are required by the AIM Rules of the London Stock Exchange to prepare the Group financial statements in accordance with UK-adopted International Accounting Standards and have elected under company law to prepare the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

The Group financial statements are required by law and UK-adopted International Accounting Standards to present fairly the financial position and performance of the group. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to achieving a fair representation.

Under company law the Directors must not approve these financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company, and of the profit or loss of the Group, for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently.
- make judgements and accounting estimates that are reasonable and prudent.
- for the Group financial statements, state whether they have been prepared in accordance with UK-adopted international accounting standards.
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the ActiveOps plc website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Ken Smith

Director and Group CFO

7 August 2023

INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF ACTIVEOPS PLC

Opinion

We have audited the financial statements of ActiveOps plc (the ‘parent company’) and its subsidiaries (the ‘group’) for the year ended 31 March 2023 which comprise the consolidated statement of profit and loss and other comprehensive income, consolidated and company statements of financial position, consolidated statement of cash flows, consolidated and company statements of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted International Accounting Standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 ‘Reduced Disclosure Framework’ (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the group’s and of the parent company’s affairs as at 31 March 2023 and of the group’s loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard as applied to listed entities and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Summary of our audit approach

Key audit matters	<p>Group</p> <ul style="list-style-type: none"> • Revenue recognition • Development costs <p>Parent company</p> <ul style="list-style-type: none"> • None
Materiality	<p>Group</p> <ul style="list-style-type: none"> • Overall materiality: £254,000 (2022: £274,000) • Performance materiality: £190,000 (2022: £205,000) <p>Parent company</p> <ul style="list-style-type: none"> • Overall materiality: £253,999 (2022: £260,000) • Performance materiality: £190,000 (2022: £195,000)
Scope	Our audit procedures covered 96% of revenue, 93% of total assets and 82% of loss before tax.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the group financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, 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 were addressed in the context of our audit of the group financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

Key audit matter description *Refer to Note 2d – Accounting policies and Note 4 – Revenue*

ActiveOps plc recognises revenue under IFRS 15 *Revenue from contracts with customers*.

The group's revenues are generated from Software as a Service ('SaaS') solutions and Training and Implementation ('T&I'). SaaS revenues are recognised evenly over the duration of the contract, whereas T&I revenues are recognised upon delivery of the service.

There is a risk that the performance obligations within the contracts have not been correctly identified and/or that revenue has not been recognised as those obligations are satisfied (cut-off).

Due to the effect of this matter on our overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team, we determined this to be a key audit matter.

How the matter was addressed in the audit

The procedures undertaken included:

- For a sample of SaaS contract assets and contract liabilities, recalculating the revenue recognised (and the associated accrual/deferral) based upon the terms of the underlying contracts and invoices;
- For SaaS contracts with no contract asset or contract liability recognised, verifying that the contract had been fulfilled prior to the balance sheet date;
- For a sample of T&I transactions, in the identified cut-off period, verifying that revenue had been recognised in the correct reporting period.

Development costs

Key audit matter description *Refer to Note 3 – Key accounting estimates and judgements and Note 12 – Intangible assets*

There is inherent judgement involved in determining if costs meet the criteria to be defined as development costs under IAS 38 *Intangible assets*, given the criteria in IAS 38 in respect of technical feasibility, probable future benefits and the ability to identify and reliably measure relevant costs.

Due to the level of judgement involved in identifying and quantifying the costs to be capitalised, we determined this to be a key audit matter.

How the matter was addressed in the audit

The procedures undertaken included:

- Understanding the Group's business model and future plans;
- Evaluating management's processes around identifying and accurately recording development time and testing the reliability of data used in developing the calculations;
- Verifying personnel costs to payroll records and testing the mathematical accuracy of the calculation through recalculation;
- Challenging management's assessment of the nature of costs incurred and whether these met the criteria to be capitalised in accordance with IAS 38, incorporating inquiry of operational personnel;
- Assessing the completeness and sufficiency of the disclosure in note 3.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ACTIVEOPS PLC CONTINUED

Our application of materiality

When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures. When evaluating whether the effects of misstatements, both individually and on the financial statements as a whole, could reasonably influence the economic decisions of the users we take into account the qualitative nature and the size of the misstatements. Based on our professional judgement, we determined materiality as follows:

	Group	Parent company
Overall materiality	£254,000 (2022: £274,000)	£253,999 (2022: £260,000)
Basis for determining overall materiality	1.0% of revenue	1.95% of revenue, capped for group materiality purposes.
Rationale for benchmark applied	This benchmark is considered the most appropriate benchmark for the group as revenue is a key performance measure in reporting to the primary users of the financial statements, particularly at the current stage of development of the business.	This benchmark is considered the most appropriate benchmark for the company as revenue is a key performance measure in reporting to the primary users of the financial statements, particularly at the current stage of development of the business.
Performance materiality	£190,000 (2022: £205,000)	£190,000 (2022: £195,000)
Basis for determining performance materiality	75% of overall materiality	75% of overall materiality
Reporting of misstatements to the Audit Committee	Misstatements in excess of £12,700 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.	Misstatements in excess of £12,600 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

The group consists of 9 components, located in the United Kingdom, Australia, the United States of America, the Republic of Ireland, South Africa, Canada and India.

The coverage achieved by our audit procedures was:

	Number of components	Revenue	Total assets	Loss before tax
Full scope audit	3	87%	93%	82%
Specific audit procedures	1	9%	–	–
Total	4	96%	93%	82%

Analytical procedures at group level were performed for the remaining 5 components.

Specific audit procedures, for one component, located in Canada, were undertaken in respect of revenue, due to its significance to total group revenue.

Conclusions relating to 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 parent company's ability to continue to adopt the going concern basis of accounting included:

- a review of the group's trading and cashflow forecasts, including challenge of key assumptions applied in forming these forecasts and assessment of the reasonableness of those key assumptions;
- sensitivity analysis of the above forecasts;
- consideration of the current cash position of the group and its recurring revenues;
- review of minutes of board meetings with a view to identifying any matters which may impact the going concern assessment and contradict the findings from the procedures above;
- review of the group's going concern disclosures included in the annual report in order to assess that the disclosures were appropriate and in conformity with the reporting standards.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 51, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 parent 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 parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 auditor's 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ACTIVEOPS PLC CONTINUED

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the group and parent company operates in and how the group and parent company are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

The most significant laws and regulations were determined as follows:

Legislation/Regulation	Additional audit procedures performed by the group audit engagement team included:
UK-adopted IAS, FRS 101, Companies Act 2006 and AIM rules	Review of the financial statement disclosures and testing to supporting documentation; Completion of disclosure checklists to identify areas of non-compliance.
Tax compliance regulations	Inspection of advice received from external tax advisers.

The areas that we identified as being susceptible to material misstatement due to fraud were:

Risk	Audit procedures performed by the audit engagement team:
Revenue recognition: cut-off	This was considered to be a key audit matter. Therefore, the procedures performed are described in the relevant section above.
Management override of controls	Testing the appropriateness of journal entries and other adjustments; Assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and Evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



William Farren FCA (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Portland
25 High Street
Crawley
RH10 1BG
7 August 2023

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2023

Year ended 31 March	Notes	2023 £000	2022 £000
Revenue	4	25,459	22,917
Cost of sales	5	(4,679)	(4,397)
Gross profit		20,780	18,520
Administrative expense excluding share option charges, depreciation, amortisation and exceptional items		(19,935)	(18,959)
Administrative expenses – share option charges only	6	(27)	(563)
Administrative expenses – depreciation and amortisation only	12-14	(1,035)	(1,009)
Administrative expenses – exceptional items only	8	–	(539)
Operating loss		(217)	(2,550)
Finance income	9	49	3
Financing cost	10	(62)	(65)
Loss before taxation		(230)	(2,612)
Taxation	11	(267)	(119)
Loss for the year		(497)	(2,731)
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translating foreign operations		(181)	161
Total comprehensive loss for the year attributable to the owners of the parent company		(678)	(2,570)
Basic and diluted loss per share			
Continuing operations		(0.70p)	(3.83p)
Total		(0.70p)	(3.83p)

The notes on pages 61 to 86 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2023

At 31 March	Notes	2023 £000	2022 £000
Non-current assets			
Intangible assets	12	5,735	5,461
Property, plant and equipment	13	162	199
Right of use assets	14	419	564
Deferred tax assets	19	217	270
Total non-current assets		6,533	6,494
Current assets			
Trade and other receivables	16	6,373	3,754
Cash and cash equivalents		15,377	13,753
Total current assets		21,750	17,507
Total assets		28,283	24,001
Equity			
Share capital	20	71	71
Share premium account	20	6,444	6,444
Share option reserve	21	593	566
Foreign exchange reserve		(224)	(43)
Retained earnings		983	1,480
Total equity		7,867	8,518
Non-Current liabilities			
Lease liabilities	14	364	501
Provisions	18	102	97
Deferred tax liabilities	19	889	1,049
Total non-current liabilities		1,355	1,647
Current liabilities			
Trade and other payables	17	18,860	13,697
Lease liabilities	14	100	139
Corporation tax payable		101	–
Total current liabilities		19,061	13,836
Total equity and liabilities		28,283	24,001

The financial statements on pages 57 to 86 were approved and authorised for issue by the Board of Directors on 7 August 2023 and were signed on its behalf by:



Ken Smith
Director and Group CFO

The notes on pages 61 to 86 form and integral part of these financial statements.

Company number 3125867

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023

Year ended 31 March	Notes	2023 £000	2022 £000
Loss after tax		(497)	(2,731)
Taxation		267	119
Finance income		(49)	(3)
Finance expense		62	65
Operating loss		(217)	(2,550)
Adjustments for:			
Depreciation of property, plant and equipment	13	127	144
Depreciation of right of use asset	14	142	165
Amortisation of intangible assets	12	766	700
Share option charge	21	27	563
Change in trade and other receivables	16	(2,619)	2,082
Change in trade and other payables and provisions	17,18	5,168	(3,111)
Cash from/(used in) operations		3,394	(2,007)
Interest paid	10	(62)	(65)
Taxation paid		(284)	(184)
Net cash generated/(outflow) from operating activities		3,048	(2,256)
Investing activities			
Purchase of property, plant and equipment	13	(90)	(96)
Purchase of software	12	(40)	–
Capitalisation of development costs	12	(851)	(364)
Interest received	9	49	3
Net cash used in investing activities		(932)	(457)
Financing activities			
Proceeds from issue of shares	20,21	–	(14)
Repayment of lease liabilities		(173)	(184)
Net cash used in financing activities		(173)	(198)
Net change in cash and cash equivalents		1,943	(2,911)
Cash and cash equivalents at beginning of the year		13,753	16,617
Effect of foreign exchange on cash and cash equivalents		(319)	47
Cash and cash equivalents at end of the year		15,377	13,753

The notes on pages 61 to 86 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2023

Year ended 31 March	Share capital £000	Share premium £000	Share option reserve £000	Foreign exchange reserve £000	Retained earnings £000	Total £000
At 1 April 2021	71	6,430	4	(204)	4,210	10,511
Loss for the year	–	–	–	–	(2,731)	(2,731)
Exchange differences on translating foreign operations	–	–	–	161	–	161
Total comprehensive loss for the year	–	–	–	161	(2,731)	(2,570)
Transactions with owners, recorded directly in equity						
Reserve transfer on exercising of share options	–	–	(1)	–	1	–
Share based payment charge (note 21)	–	–	563	–	–	563
Issue of shares	–	14	–	–	–	14
Total transactions with owners	–	14	562	–	1	577
At 31 March 2022	71	6,444	566	(43)	1,480	8,518
Year ended 31 March	Share capital £000	Share premium £000	Share option reserve £000	Foreign exchange reserve £000	Retained earnings £000	Total £000
At 1 April 2022	71	6,444	566	(43)	1,480	8,518
Loss for the year	–	–	–	–	(497)	(497)
Exchange differences on translating foreign operations	–	–	–	(181)	–	(181)
Total comprehensive loss for the year	–	–	–	(181)	(497)	(678)
Transactions with owners, recorded directly in equity						
Share based payment charge (note 21)	–	–	27	–	–	27
Total transactions with owners	–	–	27	–	–	27
At 31 March 2023	71	6,444	593	(224)	983	7,867

The notes on pages 61 to 86 form part of these financial statements.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

1. General information

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

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

2. Accounting policies

a) Basis of preparation

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

The financial statements of the Group have been prepared on a going concern basis and in accordance with UK-adopted International Accounting Standards.

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

b) Going Concern

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

Whilst there can be no certainty due to the conditions across the world at present, the Directors have reviewed cash flow forecasts for the business covering a period of at least 12 months from the date of approval of the financial statements, and together with the projected revenue and cash position of £13.8m at 30 June 2023, they are confident that sufficient funding is available to support ongoing trading activity and investment plans for the business. The financial statements have therefore been prepared on a going concern basis.

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

Accounting Standards that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting year ended 31 March 2023. The assessment of the impact of these new or amended accounting standards and interpretations is ongoing. No new accounting standards were implemented in the year.

d) Revenue

The Group's revenues consist primarily of SaaS solutions and Training and Implementation revenues ('T&I').

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

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

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

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

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies continued

d) Revenue continued

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

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

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

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

e) Basis of consolidation

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

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

f) Foreign currency

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

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the period where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

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

g) Classification of instruments issued by the Group

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

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

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

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

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

h) Financial instruments

Recognition and derecognition

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

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

A. Financial Assets

Classification and initial measurement of financial assets:

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

- Amortised cost
- Fair value through profit or loss ('FVTPL')
- Fair value through other comprehensive income ('FVOCI').

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

Subsequent measurement of financial assets

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

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

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

Impairment of financial assets

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

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

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

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1'); and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').
- 'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

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

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

Trade and other receivables

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

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies continued

h) Financial instruments continued

Recognition and derecognition continued

B. Financial Liabilities

Classification and measurement of financial liabilities

The Group's financial liabilities include trade payables and other payables.

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

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

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

i) Property, plant and equipment

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

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

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

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

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

j) Leases

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

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

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

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

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

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

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

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

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

Short term leases and low value assets

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

k) Intangible assets and goodwill

Goodwill

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

Other intangible assets

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

Other intangible assets that are acquired by the group are stated at cost less accumulated amortisation and accumulated impairment losses.

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

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

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

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

l) Impairment

Financial assets (including receivables)

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

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

Non-financial assets

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

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets.

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

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies continued

m) Employee benefits

Defined contribution plans

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

Short term employee benefits

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

Termination benefits

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

n) Share based payments

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

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

Modifications and cancellations

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

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

Valuation and Amortisation Method

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

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

o) Cash and cash equivalents

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

p) Provisions

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

q) Net financing costs

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

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

r) Segmental reporting

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

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

s) Taxation

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

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

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

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

t) Reserves

Share capital

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

Share premium account

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

Profit or loss reserves

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

Share option reserve

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

Foreign exchange reserve

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

3. Key accounting estimates and judgements

The preparation of the financial statements in compliance with IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement and use assumptions in applying the Group's accounting policies. The resulting accounting estimates calculated using these judgements and assumptions will, by definition, seldom equal the related actual results but are based on historical experience and expectations of future events. Management believe that the estimates utilised in preparing the financial statements are reasonable and prudent.

The judgements and key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are discussed below.

Capitalisation of Development costs

The Group invests on a continual basis in the development of software for sale to third parties. There is a continual process of enhancements to and expansion of the software with judgement required in assessing whether the development costs meet the criteria for capitalisation.

In making this judgement, the Group evaluates, amongst other factors, whether there are future economic benefits beyond the current period and management's ability to measure reliably the expenditure attributable to the project. Judgement is therefore required in determining the practice for capitalising development costs.

During the year the group has capitalised development costs of £0.9m associated with the delivery of new features to the ControlIQ platform that are expected to further enhance the proposition for the customer and drive future economic benefit. The amount capitalised has been calculated based on the time spent by individual developers on these new features. The costs are amortised using the straight-line method from the launch of the product over the expected life cycle of the enhancements which is expected to be five years. The group has not capitalised costs of £2.7m associated with maintenance work, projects with no future economic benefit, and internal time including meetings and annual leave.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED FOR THE YEAR ENDED 31 MARCH 2023

4. Revenue

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

A disaggregated geographical split of revenue by operating segment is shown below between EMEIA (Europe, the Middle East, India and Africa), North America and Asia Pacific. Europe, the Middle East, India and Africa (EMEIA) are aggregated together as they operate and are managed as one business. All revenue streams are recognised over time.

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

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

SaaS contracts delivered over time are invoiced in advance and incomplete performance obligations at the year-end are recorded in deferred income in the statement of financial position. T&I revenues are invoiced once the T&I is completed or earlier if contractually allowed with contract assets or contract liabilities recognised in accordance with performance obligations satisfied. The Group has recognised the following assets and liabilities related to contracts with customers.

At 31 March	2023 £000	2022 £000
Contract assets	306	466
Contract liabilities	(13,474)	(8,269)

Due to the nature of the customer contracts, being annual service-related fees that are performed over time, there is always an element of the contractual performance obligation that has not been delivered at the year end. As performance obligations delivered over time are invoiced in advance the aggregate amount of the transaction price allocated to the performance obligations unsatisfied, or partially unsatisfied, at the end of each reporting period equates to the contract liability.

The outstanding performance obligations at the year-end are expected to be satisfied within 12 months of the reporting date.

The following table shows revenue recognised in the current reporting period relating to brought forward contract liabilities.

For the year ended 31 March	2023 £000	2022 £000
Revenue recognised that was included in the contract liability balance at the beginning of the period	8,146	8,334

5. Segmental analysis

The Group has two reporting segments, being SaaS and T&I. The Group focuses its internal management reporting predominantly on revenue and cost of sales. No non-GAAP reporting measures are monitored. Total assets and liabilities are not provided to the CODM in the Group's internal management reporting by segment and therefore a split has not been presented below. Information about geographical revenue by segment is disclosed in note 4.

During the year ended 31 March 2023 approximately £6,301k (2022: nil) of the Group's external revenue was derived from sales to two specific customers with revenues greater than 10% of the total through SaaS and T&I operating segments. During the year ended 31 March 2022, no individual customer accounted for 10% or more of turnover.

Year ended 31 March 2023	SaaS £000	T&I £000	Total £000
Revenue	22,058	3,401	25,459
Cost of sales	(3,411)	(1,268)	(4,679)
	18,647	2,133	20,780

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

6. Employees and directors

The average number of persons employed by the group (including directors) during the year, analysed by category, was as follows:

Number of employees	2023 Number	2022 Number
Sales and marketing	28	33
Information technology and product	80	78
Customer services	50	49
Management and other	27	26
	185	186

'Management and other' includes three Non-Executive Directors and two Executive Directors.

Their aggregate remuneration comprised:

For the year ended 31 March	2023 £000	2022 £000
Wages and salaries	15,884	13,796
Social security costs	1,396	1,224
Pensions costs	687	562
Share option charges	27	563
	17,994	16,145

A summary of Directors' remuneration is shown below. Refer to the Directors' Remuneration Report for details regarding the remuneration of the highest paid Director and the total amounts for Directors' remuneration in accordance with Schedule 5 to the Accounting Regulations.

For the year ended 31 March	2023 £000	2022 £000
Remuneration for qualifying service	603	609
Company paid pension contribution	23	22
	626	631

Two Directors are accruing retirement benefits under money purchase schemes.

The amount of the share option charge relating to key management personnel has not been calculated or disclosed due to its relative low value. Key management personnel do participate in the share schemes operated by the Group. No options were exercised by Directors in 2023 or 2022.

Remuneration disclosed above includes the following amounts payable to the highest paid Director:

For the year ended 31 March	2023 £000	2022 £000
Remuneration for qualifying service	242	250
Company paid pension contribution	12	12
	254	262

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. The total amount of employee benefits received by key management personnel for their services to the Group during the year amounted to £3,095k (2022: £2,245k). Included in these totals were short-term employee benefits of £2,972k (2022: £2,167k), post-employment benefits of £122k (2022: £79k) and the Group incurred employer's taxes payable on those salaries of a further £273k (2022: £208k) in relation to the employment of these same members of staff. There were no other long-term or termination benefits, or share-based payments provided to key management personnel in 2023 or 2022.

7. Loss for the year

For the year ended 31 March	2023 £000	2022 £000
Operating loss is stated after charging/(crediting)		
Fees payable to the company's auditor for the audit of the company's annual accounts	134	103
Fees payable to the company's auditor for other services		
Audit of subsidiaries	71	58
Audit related assurance services	–	35
Tax services	–	1
Depreciation of right of use assets (note 14)	142	165
Amortisation of intangible assets (note 12)	766	700
Depreciation of property, plant and equipment (note 13)	127	144
Foreign exchange gain	(749)	(276)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2023

8. Exceptional items

For the year ended 31 March	2023 £000	2022 £000
Costs associated with M&A aborted activity	–	539

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

9. Finance income

Interest receivable consists of:

For the year ended 31 March	2023 £000	2022 £000
Bank interest receivable	49	3

10. Financing costs

Financing costs consists of:

For the year ended 31 March	2023 £000	2022 £000
Lease interest – lease liabilities (note 14)	37	45
Other financing costs	25	20
	62	65

11. Taxation

For the year ended 31 March	2023 £000	2022 £000
Current income tax		
Foreign current tax on profit for the current period	362	214
Foreign current tax on profit for the prior period	34	28
Deferred tax		
Origination and reversal of timing differences	(139)	(128)
Adjustments in respect of prior periods	9	–
Effect of decrease tax rate on opening deferred tax position	1	5
Total tax charge	267	119
For the year ended 31 March	2023 £000	2022 £000
Loss before tax	(230)	(2,612)
Tax at domestic rate of 19% (2022: 19%)	(44)	(496)
Effect of:		
Expenses that are not deductible in determining taxable profit	(25)	(19)
Differences in current and deferred tax rates	1	5
Deferred tax not recognised	180	494
Withholding taxes	7	4
Adjustments in respect of prior periods – current tax	34	27
Adjustments in respect of prior periods – deferred tax	9	–
Effect of other tax rates	105	104
Total tax charge	267	119

At 31 March 2023 the Company and its Group had tax losses of approximately £19.9m (2022: £19.2m) to carry forward to offset against future taxable profits.

12. Intangible assets

	Goodwill £000	Customer relationships £000	Purchased software £000	Intellectual property rights £000	Capitalisation of development costs £000	Total £000
Cost						
At 1 April 2021	1,128	6,210	845	125	–	8,308
Foreign exchange	26	79	22	–	–	127
Additions	–	–	–	–	364	364
Disposals	–	–	–	–	–	–
At 31 March 2022	1,154	6,289	867	125	364	8,799
Foreign exchange	36	135	31	–	–	202
Additions (purchases)	–	–	40	–	–	40
Additions (internal developments)	–	–	–	–	851	851
At 31 March 2023	1,190	6,424	938	125	1,215	9,892
Amortisation						
At 1 April 2021	–	2,112	416	125	–	2,653
Foreign exchange	–	7	(22)	–	–	(15)
Charge for the year	–	614	86	–	–	700
Disposals	–	–	–	–	–	–
At 31 March 2022	–	2,733	480	125	–	3,338
Foreign exchange	–	45	8	–	–	53
Charge for the year	–	630	63	–	73	766
At 31 March 2023	–	3,408	551	125	73	4,157
Net book value						
At 31 March 2023	1,190	3,016	387	–	1,142	5,735
At 31 March 2022	1,154	3,556	387	–	364	5,461

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

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

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

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

Customer relationships consists of two individual assets: the acquired relationships from the purchase of Open Connect on the 1 August 2019, which has a netbook value of £1.3m and is being amortised until 31 July 2029; and the acquired relationships from the purchase of ActiveOps Pty Ltd and Active Operations Management Australia on the 1 April 2017, which has a netbook value of £1.7m and is being amortised until 31 March 2027.

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2023

12. Intangible assets continued

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

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

The Australian goodwill relates to the purchase of ActiveOps Pty Limited and Active Operations Management Australia Pty Ltd on 1 April 2017.

The United States of America goodwill relates to the purchase of OpenConnect on the 1 August 2019. The residual amount relates to the amount retained in ActiveOps USA Inc. on disposal of OpenConnect on 19 October 2020.

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

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

The key inputs into the cashflow forecast are:

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

In determining the potential for impairment of the cash generating units, management considered 4.5 years of recoverability of each asset and assumed a customer attrition rate of 10%. The Group has discounted the cashflows at 12.0% for the Australian CGU and 12.0% for the United States of America CGU. There is substantial headroom in the value in use calculations and management have therefore not identified any reasonably possible changes in any key assumption that would lead to the need for impairment of either CGU.

13. Property, plant and equipment

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

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

14. Right of use assets

	Buildings £000
Net book value	
At 1 April 2021	736
Foreign exchange	(7)
Depreciation charge for the year	(165)
At 31 March 2022	564
Foreign exchange	(3)
Depreciation charge for the year	(142)
At 31 March 2023	419

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

Amounts recognised in the Statement of Financial Position

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

Amounts recognised in the Statement of Profit or Loss

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

Amounts recognised in the Statement of Cashflows

	2023 £000	2022 £000
For the year ended 31 March		
Total cash outflows	360	324

15. Subsidiaries

ActiveOps plc owned the following subsidiaries throughout the years ended 31 March 2023 and 31 March 2022.

Name of undertaking	Registered office	Nature of business	Class of shareholding	Percentage held controlled or otherwise	
				Direct	Indirect
ActiveOps Overseas Limited	One Valpy, 20 Valpy Street, Reading, Berkshire, RG1 1AR, UK	Holding company	Ordinary	100	–
Red Owl Technology Limited	Roselawn House, National Technology Park, Plassey, Limerick, Ireland	Management Solutions	Ordinary	100	–
ActiveOps USA Inc.	c/o National Registered Agents Inc, 160 Greentree Drive, Suite 101, Dover, Delaware 19904, USA	Management Solutions	Ordinary	100	–
ActiveOps Canada Inc.	Suite 2300, Bentall 5, 550 Burrard Street, Vancouver, BC V6C 2B5, Canada	Management Solutions	Ordinary	100	–
ActiveOps Pty Limited	231 Kensington Road, Kensington, South Australia, 5068, Australia	Management Solutions	Ordinary	100	–
ActiveOps Africa (PTY) Limited	8a Keyes Avenue, Johannesburg, 2196, South Africa	Management Solutions	Ordinary	–	100
Active Operations Management India Private Limited	43/23, 2nd Cross, Promenade Road, Frazer Town, Bangalore, 560005, India	Management Solutions	Ordinary	–	100
Active Operations Management Australia Pty Ltd	231 Kensington Road, Kensington, South Australia, 5068, Australia	Management Solutions	Ordinary	–	100

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2023

16. Trade and other receivables

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

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

At 31 March	2023 £000	2022 £000
Trade receivables from contracts with customers	5,563	2,770
Less loss allowance	(56)	(47)
	5,507	2,723

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

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

17. Trade and other payables

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

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

18. Provisions

At 31 March	2023 £000	2022 £000
Provisions brought forward	97	89
Increase in the year	5	8
Provisions carried forward	102	97

ActiveOps plc is required to restore its leased premises to their original condition at the end of the respective lease terms (expiring March 2027). A provision of £50k has been recognised for the estimated expenditure required to remove any leasehold improvements. These costs have been capitalised as part of the right of use asset.

ActiveOps India has an obligation to pay a one-off pension contribution to its employees when they cease to be employed. This has been estimated as being worth £52k given the current employees' salaries and length of service.

19. Deferred tax

At 31 March	2023 £000	2022 £000
Deferred tax assets	217	270
Deferred tax liabilities	(889)	(1,049)
	(672)	(779)

The elements of the deferred taxation are as follows:

At 31 March	2023 £000	2022 £000
Tax losses carried forward	–	–
Other short term timing differences	217	270
Intangible assets	(889)	(1,049)
	(672)	(779)

The movement on deferred taxation is as follows:

At 31 March	2023 £000	2022 £000
At 1 April	(779)	(914)
Recognised in the year	129	123
Foreign exchange	(22)	12
	(672)	(779)

At 31 March 2023 the Company and its Group had tax losses of £19.9m (2022: £19.2m) to carry forward to offset against future taxable profits. This has not been recognised as a deferred tax asset. In accordance with legislation, these tax losses do not time expire.

On 3 March 2021, the UK Government announced a proposal to increase the rate of UK corporation tax from 19% to 25% with effect from 1 April 2023. Changes in tax laws and rates may affect recorded deferred tax assets and liabilities and our effective tax rate in the future. We expect that, in line with the rate increase proposed, there will be an increase to our effective tax rate for periods from our year ended March 2024 onwards. In addition, we expect any related change to the carrying values of our deferred tax assets and liabilities to not be significant primarily due to an expectation that the majority of our deferred tax items will have reversed prior to this date.

20. Share capital and share premium

	A Ordinary Shares		Ordinary Shares		Share premium £000
	Number	Share capital £000	Number	Share capital £000	
At 1 April 2021	–	–	71,320,680	71	6,430
Issued under share option schemes	–	–	43,500	–	14
At 31 March 2022	–	–	71,364,180	71	6,444
Issued under share option schemes	–	–	–	–	–
At 31 March 2023	–	–	71,364,180	71	6,444

The nominal value per ordinary share is £0.001.

The earnings per share calculation is determined by dividing the profit by the weighted average number of shares. The calculation of the earnings per share is explained below:

At 31 March	2023 £000	2022 £000
Loss for the year		
Loss for the year from continuing activities	(497)	(2,731)

At 31 March	2023 Number	2022 Number
Basic earnings number of shares		
Weighted average number of shares in issue during the year	71,364,180	71,349,521
Diluted earnings number of shares		
Number of issued options at 31 March (see note 21)	3,188,776	1,714,385
Number of shares and share options for diluted earnings per share calculation	74,552,956	73,063,906

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED FOR THE YEAR ENDED 31 MARCH 2023

21. Share options and share awards

The Group has incurred costs of £27k (2022: £563k) in relation to share-based payment charges to the share option reserve.

The Group had four equity settled share-based payments schemes in the year:

Company Share Option Plan ('CSOP')

This is a new scheme put in place at the Company's listing. It is overseen by the Remuneration Committee of the Board. The CSOP has been designed so as to be capable of being certified as a Schedule 4 CSOP (as described in Schedule 4 of the Income Tax (Earnings and Pensions) Act 2003).

This scheme has been made available to all employees and executive Directors of the group.

All options vest after three years. The only vesting condition is that the option holder must remain in employment of the group for the full three years.

For employees in some countries, they have been only offered a phantom scheme that pays cash at the end of term. This has been done to maximise the benefit to the employee in countries where the taxation of share options would significantly erode the benefit received by the employee.

The option price is £1.68 per share. The number of share options issued in the year under this scheme is nil (2022: nil).

Performance Share Option Plan ('PSOP')

This is a scheme put in place at the Company's listing and is the long-term incentive plan for senior management across the group. It is overseen by the Remuneration Committee of the Board. This scheme is only open to senior management and the vesting of the options is dependent on a combination of the Group's results and share price performance.

All options vest after a period of three years, subject to the achievement of targets in the following areas:

- Annual recurring revenue.
- Total report revenue.
- EBITDA.
- Total shareholder return.

Options do not vest if minimum performance levels are not achieved.

Employees in some countries they have been offered a phantom scheme that pays cash at the end of term. This has been done to maximise the benefit to the employee in countries where the taxation of share options would significantly erode the benefit received by the employee.

The option price is £0.001 per share. The number of share options issued in 2023 this scheme was 1,474,391 (2022: nil). This total includes 7,906 phantom share options.

Global Share Participation Plan ('GSPP')

This scheme was put in place in March 2022. The plan is overseen by the Remuneration Committee of the Board. It offers employees an opportunity to directly participate in the long-term success of the Group by purchasing shares (up to a maximum of £6,000 per year of the plan cycle), through the GSPP. The Group provides a matching share for every share purchased by employees which will be awarded to the colleague on the three year anniversary of the share purchase. The match is subject to forfeiture in case of termination of employment before the end of the plan cycle.

The plan was made available to all colleagues eligible to trade shares and who had six months of continuous service. The GSPP has the same core design in all locations, except Canada.

Share Incentive Plan ('SIP')

This scheme was put in place in March 2022. The plan is overseen by the Remuneration Committee of the Board. The plan is akin to the GSPP offering employees an opportunity to directly participate in the long-term success of the Group by purchasing shares (up to a maximum of £1,800 per year per the plan cycle), through the SIP. The SIP scheme is a HMRC approved tax efficient employee plan. The Group provides a matching share for every share purchased by employees which will be awarded to the colleague on the three year anniversary of the share purchase.

All UK colleagues who had six months of continuous service and under no share dealing restrictions were eligible to apply.

Number of share options

The number of share options and their weighted average option price is:

	Number of share options		Weighted average exercise price	
	EMI Number	Unapproved share options Number	EMI £	Unapproved share options £
Outstanding at 1 April 2021	–	43,500	–	0.33
Exercised during the year	–	(43,500)	–	0.33
Outstanding at 31 March 2022	–	–	–	–
Exercised during the year	–	–	–	–
Outstanding at 31 March 2023	–	–	–	–

	Number of share options		Weighted average exercise price	
	CSOP Number	Performance share option Number	CSOP £	Performance share option £
Outstanding at 1 April 2022	299,705	1,414,680	1.68	–
Granted	–	1,474,391	0.77	–
Outstanding at 31 March 2023	299,705	2,889,071	1.26	–

No CSOP or performance share options were exercisable at 31 March 2023.

Valuation of share options

The following assumptions were utilised in determining the valuation of the performance share options granted in the period:

Assumption	Description and purpose
Volatility	The volatility has been estimated using the volatility of comparable companies. The volatility used was 30%.
Expected time to exercise	It is assumed that they will exercise after three years.
Dividends	It was assumed for all options that no dividends would be paid.
Option exercise price	The option exercise price was known at the date the option was granted at £0.001 per share.
Risk free rate	The risk free rate was based on the UK Government Bond yield of duration equal to the expected time to exercise and was 1.78%.

All share options were granted for £0.001 per share. The total value of all options granted in the year was £673k (2022: nil).

22. Financial risk management

The Group's principal financial instruments comprise cash and cash equivalents, trade and other receivables, trade and other payables and finance lease liabilities.

The main purpose of these financial instruments is to finance the Group's operations.

Risk management is carried out by the finance department under policies approved by the Board of Directors. The Group finance department identifies, evaluates and manages financial risks. The Board provides guidance on overall risk management including credit risk, and investment of excess liquidity.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED FOR THE YEAR ENDED 31 MARCH 2023

22. Financial risk management continued

The impact of the risks required to be discussed under IFRS 7 are detailed below:

a) Market risk

Foreign exchange risk

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The exposure to transactional foreign exchange risk is monitored and managed at a Group level. The Group seeks to reduce foreign exchange exposures arising from transactions in various currencies through a policy of matching as far as possible, receipts and payments across the Group in each individual currency.

The group's exposure to foreign currency risk at the end of the reporting period, expressed in Currency Units, was as follows:

Year ended 31 March 2023	USD \$000	ZAR R000	AUD \$000	INR ₹000	EUR €000	CAD \$000	NZD \$000
Trade receivables	811	450	755	–	–	2,162	–
Cash and Cash equivalents	2,182	6,216	7,147	3,322	285	1,518	488
Trade payables	6	(4)	(37)	88	(1)	(2)	–

Year ended 31 March 2022	USD \$000	ZAR R000	AUD \$000	INR ₹000	EUR €000	CAD \$000	NZD \$000
Trade receivables	1,052	(91)	708	3,465	–	31	–
Cash and Cash equivalents	7,411	1,520	6,286	31,420	380	3,548	664
Trade payables	(126)	(85)	(93)	(34)	(3)	–	–

The following table shows the effect on the Group's result for the year, of sterling strengthening by 5% against debtor, creditor and cash balances denominated in foreign currencies, with all other variables held constant. 5% represents management's assessment of the reasonable possible change in exchange rates.

Year ended 31 March 2023	USD \$000	ZAR R000	AUD \$000	INR ₹000	EUR €000	CAD \$000	NZD \$000
Impact on profit and equity for the year (in sterling)	(115)	(14)	(203)	(2)	(12)	(105)	(12)

The total cost in sterling of a 5% strengthening is £463k

Year ended 31 March 2022	USD \$000	ZAR R000	AUD \$000	INR ₹000	EUR €000	CAD \$000	NZD \$000
Impact on profit and equity for the year (in sterling)	(302)	(3)	(187)	(17)	(15)	(104)	(17)

The total cost in sterling of a 5% strengthening is £645k

The following table shows the effect on the Group's result for the year, of sterling weakening by 5% against debtor, creditor and cash balances denominated in foreign currencies, with all other variables held constant. 5% represents management's assessment of the reasonable possible change in exchange rates.

Year ended 31 March 2023	USD \$000	ZAR R000	AUD \$000	INR ₹000	EUR €000	CAD \$000	NZD \$000
Impact on profit and equity for the year (in sterling)	128	16	224	2	13	116	13

The total benefit in sterling of a 5% weakening is £512k

Year ended 31 March 2022	USD \$000	ZAR R000	AUD \$000	INR ₹000	EUR €000	CAD \$000	NZD \$000
Impact on profit and equity for the year (in sterling)	334	4	207	18	17	115	18

The total benefit in sterling of a 5% weakening is £713k

Cash flow and fair value Interest rate risk

The Group's exposure to changes in interest rate risk relates primarily to interest earning financial assets and interest-bearing financial liabilities. Finance leases are at fixed effective interest rates with no interest rate risk.

b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers. Credit risks also arise from cash and cash equivalents and deposits with banks and financial institutions. Credit risk is managed on a Group basis.

The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

At 31 March	2023 £000	2022 £000
Trade receivables	5,507	2,723
Other receivables	191	78
Contract assets	306	466
Cash and cash equivalents	15,377	13,753
	21,381	17,020

Contract assets relating to SaaS are only recognised where a contract with a customer is expected to be renewed, and there is a clear expectation that there will be a signed contract as the customer was using the Group's software at the balance sheet date. Contract assets are only expected to be a short-term asset as invoices are raised once the signed agreement is in place. The Group has placed no loss provision on these assets, as they are routinely converted into an invoice once the contract is agreed, which is then paid.

T&I contract assets are only recognised when there is a signed contract, and T&I work has taken place with a customer which is yet to be invoiced. Contract assets are only expected to be short-term assets as invoices are raised once the work is completed. The Group has placed no loss provision on these assets, as they are routinely converted into an invoice which is then paid.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 March 2023, 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. The Group has identified GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

At 31 March	2023 £000	2022 £000
Not due	3,587	1,534
0-30 days overdue	1,734	470
31-60 days overdue	8	425
61-90 days overdue	14	28
91+ days overdue	164	266
	5,507	2,723

Due to the low level of historic defaults, the Group's provisioning against trade receivables is not significant to the reported result. A general provision matrix based on performance for the last 36 months results in a £nil provision. Based on forward looking information, specific provisions of £56k (2022: £47k) are included against its trade receivables.

The company considers the probability of default upon initial recognition of an asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

To assess whether there is a significant increase in credit risk, the company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- Internal credit rating.
- External credit rating (as far as available).
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations.
- Actual or expected significant changes in the operating results of the borrower.
- Significant increases in credit risk on other financial instruments of the same borrower.
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements.
- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the Group and changes in the operating results of the borrower.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED FOR THE YEAR ENDED 31 MARCH 2023

22. Financial risk management continued

b) Credit risk continued

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model.

Regardless of the analysis above, a significant increase in credit risk is presumed by IFRS 9 if a debtor is more than 30 days past due in making a contractual payment. Management have rebutted this presumption for trade receivables due to their history of recovery of balances and only consider there to be a significant increase in credit risk where a trade receivable is more than 90 days past due.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the company. Where receivables have been written off, the company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

Financial instruments which potentially subject the Company to concentrations of credit risk are primarily cash, cash equivalents and accounts receivable. The Group places its cash and cash equivalents in demand accounts and money market funds.

The Group sells their products to customers in diversified industries worldwide, including North America, Europe, Asia and Australasia. Revenues from customers outside the UK in the year ended 31 March 2023 were approximately £12,448k (March 2022: £11,147k).

Adverse economic developments in foreign countries could adversely affect the Group's operating results. The Group performs ongoing credit evaluations of their customers' financial condition and generally requires no collateral. The Group does not have a history of credit losses. The credit risk on liquid funds is limited because funds are held with banks with high credit-ratings assigned by international credit-rating agencies. Management does not expect any losses from non-performance of these counterparties.

None of the Group's financial assets are secured by collateral or other credit enhancements.

c) Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulty in meeting its obligations associated with the financial liabilities that are settled by delivering cash or other financial assets. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group closely monitors its access to bank and other credit facilities in comparison to its outstanding commitments on a regular basis to ensure that it has sufficient funds to meet obligations of the Group as they fall due. The Board receives regular debt management forecasts which estimate the cash inflows and outflows over the next twelve months, so that management can ensure that sufficient financing is in place as it is required.

The Group's financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

	Less than 1 year £000	Between 1 and 2 years £000	Between 2 and 5 years £000	Over 5 years £000	Total cashflow £000	Carrying amount of liabilities £000
At 31 March 2023						
Trade payables	167	–	–	–	167	167
Other payables	1,365	–	–	–	1,365	1,365
Accruals	3,853	–	–	–	3,853	3,853
Lease liabilities	210	145	255	–	610	464
	5,595	145	255	–	5,995	5,849
At 31 March 2022						
Trade payables	1,326	–	–	–	1,326	1,326
Other payables	818	–	–	–	818	818
Accruals	3,284	–	–	–	3,284	3,284
Lease liabilities	193	207	400	–	800	640
	5,621	207	400	–	6,228	6,068

The above amounts reflect the contractual undiscounted cash flows, which may differ from the carrying values of the liabilities at the reporting date.

d) Capital risk management

The Group's objectives when managing capital are to safeguard the Group ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may, subject to shareholders' approval as appropriate, adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

The Group manages its capital to ensure that all Group entities will be able to continue on a going concern basis while maximising its long-term return to shareholders. As the Group is typically paid in advance by its customers there is a delay between the cashflow inflow and the recognition of revenue. Therefore, the Group primarily monitors its cashflow requirements as the main metric in order to ensure it is not exposed to unwanted capital risk.

e) Summary of financial assets and liabilities by category

The carrying amount of financial assets and liabilities recognised may also be categorised as follows:

At 31 March	2023 £000	2022 £000
Financial assets at amortised cost		
Trade and other receivables	6,004	3,754
Cash and cash equivalents	15,377	13,753
	21,381	17,507
At 31 March	2023 £000	2022 £000
Financial liabilities at amortised cost		
Trade and other payables	5,386	5,428
Lease liabilities	464	640
	5,850	6,068

Fair values and risk measurement

The Group's principal financial instruments comprise cash and cash equivalents, trade and other receivables, trade and other payables and lease liabilities. The carrying value of these are all recorded at amortised cost. The fair values of these financial instruments approximate to their carrying values due to either their short-term nature or being priced at market-based variable interest rates.

23. Analysis of changes in net debt

	Leases £000	Cash & cash equivalents £000	Total £000
Net debt at 1 April 2021	(817)	16,617	15,800
Cashflows	184	(2,911)	(2,727)
Foreign exchange	(7)	47	40
Net debt at 31 March 2022	(640)	13,753	13,113
Cashflows	173	1,943	2,116
Foreign exchange	3	(319)	(316)
Net debt at 31 March 2023	(464)	15,377	14,913

24. Other financial commitments

On 12 October 2021 the Company entered into a debenture agreement with HSBC UK Bank plc which involved the application of a fixed and floating charge on the companies assets.

The amount of borrowings outstanding subject to this charge at 31 March 2023 was nil.

25. Controlling party

At the year end the directors are of the opinion that there is no ultimate controlling party.

26. Events after the reporting date

There have been no events that have occurred since the financial year end that require disclosure.

COMPANY STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 MARCH 2023

At 31 March	Notes	2023 £000	2022 £000
Non-current assets			
Intangible assets	C4	1,189	381
Property, plant and equipment	C5	92	126
Right of use assets	C6	402	502
Investments	C7	6,518	6,543
Total non-current assets		8,201	7,552
Current assets			
Trade and other receivables	C8	5,049	4,014
Cash and cash equivalents		10,064	6,155
Total current assets		15,113	10,169
Total assets		23,314	17,721
Equity			
Share capital		71	71
Share premium account		6,444	6,444
Share option reserve		592	565
Retained earnings		(974)	57
Total equity		6,133	7,137
Non-Current liabilities			
Lease liabilities	C6	364	482
Provisions	C10	50	50
Total non-current liabilities		414	532
Current liabilities			
Trade and other payables	C9	16,697	9,970
Lease liability		70	82
Total current liabilities		16,767	10,052
Total equity and liabilities		23,314	17,721

ActiveOps plc reported a loss for the year of £1,031k (2022: loss of £3,576k).

The financial statements of ActiveOps plc were approved and authorised for issue by the Board of Directors on 7 August 2023 and were signed on its behalf by:



Ken Smith
Director and Group CFO

The notes on pages 84 to 86 form an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023

Year ended 31 March	Share capital £000	Share premium £000	Share option reserve £000	Retained earnings £000	Total £000
At 1 April 2021	71	6,430	3	3,632	10,136
Profit for the year	–	–	–	(3,576)	(3,576)
Total comprehensive loss for the year				(3,576)	(3,576)
Transactions with owners, recorded directly in equity					
Reserve transfer on exercising of share options	–	–	(1)	1	–
Share based payment charge	–	–	563	–	563
Bonus issue of shares	–	–	–	–	–
Issue of shares	–	14	–	–	14
Total transactions with owners	–	14	562	1	577
At 31 March 2022	71	6,444	565	57	7,137

Year ended 31 March	Share capital £000	Share premium £000	Share option reserve £000	Profit or loss account £000	Total £000
At 1 April 2022	71	6,444	565	57	7,137
Loss for the year	–	–	–	(1,031)	(1,031)
Total comprehensive loss for the year				(1,031)	(1,031)
Transactions with owners, recorded directly in equity					
Share based payment charge	–	–	27	–	27
Total transactions with owners	–	–	27	–	27
At 31 March 2023	71	6,444	592	(974)	6,133

The notes on pages 84 to 86 form part of these financial statements.

NOTES FORMING PART OF THE COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

C1. Accounting policies

The Company has applied the Group accounting policies consistently during the year.

Basis of preparation

The financial statements are for the year ended 31 March 2023. The financial statements of the Company have been prepared on a going concern basis and in accordance with the requirements of the Companies Act 2006 as applicable to companies using Financial Reporting Standard 101 (FRS 101). These financial statements have been prepared in accordance with FRS 101.

The accounting policies set out in note 2 of the consolidated financial statements have been applied in the preparation of these financial statements.

The Company has made significant accounting estimates and judgments in relation to the capitalisation of development costs. This is detailed in note 3 of the Group Accounts.

Exemptions

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to:

- Related party transactions with wholly owned subsidiaries.
- Financial instrument disclosures.
- Statement of cashflows.
- Capital management disclosures.
- Additional comparative information.
- Remuneration disclosures to key management personnel.
- A reconciliation of the outstanding shares at the beginning of the period.
- A reconciliation of share options in the year.

Investments in subsidiaries

Investments in subsidiary undertakings are stated at cost less any adjustments for impairment.

Changes in accounting policies

New standards, interpretations and amendments adopted in these accounts

All changes to accounting standards are explained in note 2 to the consolidated financial statements.

C2. (Loss) for the year

As permitted by section 408 of the Companies Act 2006, the parent company has elected not to present its own profit and loss account for the year. The auditor's remuneration for audit and other services is disclosed in note 7 to the consolidated financial statements.

C3. Employees and Directors

The average number of employees employed by the company during the year was:

Number of employees	2023	2022
Sales and marketing	15	15
Information technology and product	49	42
Customer services	16	14
Management and other	20	18
	100	89

'Management and other' includes two Non-Executive Directors and two Executive Directors. All Directors of the company were also directors of the group, and their remuneration is shown in note 6.

Total remuneration comprised:

For the year ended 31 March	2023 £000	2022 £000
Wages and salaries	8,434	6,814
Social security costs	1,009	827
Pensions costs	353	300
Share option charges	27	400
	9,823	8,341

C4. Intangible assets

	Purchased software £000	Intellectual property rights £000	Capitalisation of development costs £000	Total £000
Cost				
At 1 April 2021	30	125	–	155
Additions	–	–	364	364
At 31 March 2022	30	125	364	519
Additions (purchases)	40	–	–	40
Additions (internal development)	–	–	851	851
At 31 March 2023	70	125	1,215	1,410
Accumulated depreciation				
At 1 April 2021	3	125	–	128
Provided during the period	10	–	–	10
At 31 March 2022	13	125	–	138
Provided during the period	10	–	73	83
At 31 March 2023	23	125	73	221
Carrying amount				
At 31 March 2023	47	–	1,142	1,189
At 31 March 2022	17	–	364	381

There are two assets included in capitalised development costs which are material to the financial statements. Details of these assets are disclosed in note 12 to the Consolidated Financial Statements.

The aggregate research and development expenditure recognised as an expense during the period is £2.4m.

C5. Property, plant and equipment

	Leasehold improvements £000	Plant and machinery £000	Fixtures, fittings and equipment £000	Total £000
Cost				
At 1 April 2021	120	186	387	693
Additions	–	47	–	47
At 31 March 2022	120	233	387	740
Additions	–	30	21	51
At 31 March 2023	120	263	408	791
Accumulated depreciation				
At 1 April 2021	120	130	275	525
Provided during the period	–	40	49	89
At 31 March 2022	120	170	324	614
Provided during the period	–	38	47	85
At 31 March 2023	120	208	371	699
Carrying amount				
At 31 March 2023	–	55	37	92
At 31 March 2022	–	63	63	126

NOTES FORMING PART OF THE COMPANY FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2023

C6. Right of use assets

	Buildings £000
Net book value	
At 1 April 2021	615
Depreciation charge for the year	(113)
At 31 March 2022	502
Depreciation charge for the year	(100)
At 31 March 2023	402

C7. Investment in subsidiaries

	£000
Shares in group undertakings	£000
At 1 April 2021	6,380
Additions	163
Disposals	–
At 31 March 2022	6,543
Movement	(25)
At 31 March 2023	6,518

Details of the Group's subsidiaries at 31 March 2023 are included in note 15 of the financial statements.

The investment movement relates to the share option charge movement for the Group, excluding the UK, which has decreased due to leavers during the year.

C8. Trade and other receivables

	2023 £000	2022 £000
At 31 March		
Trade receivables	3,132	1,469
Prepayments & Accrued Income	553	543
Amounts due from Group undertakings	1,322	1,963
Other receivables	42	39
	5,049	4,014

The Company charges interest to its subsidiaries on intercompany balances at a rate of LIBOR +4%.

The company applies the general approach to measuring expected credit losses (ECL) on other receivables and amounts due from Group undertakings, which uses the three-stage approach for measuring the ECL. As a result of the above conversion of loans, the unprovided loans are in stage 1 and no additional ECL has been recognised in the current year on the grounds of materiality.

C9. Trade and other payables

Creditors due within one year:

	2023 £000	2022 £000
At 31 March		
Trade payables	153	1,129
Other taxation and social security	1,229	644
Amounts due to Group undertakings	4,994	2,214
Other payables	3	–
Accruals and deferred income	10,318	5,983
	16,697	9,970

C10. Provisions

A provision is required to restore leased premises to their original condition at the end of the respective lease terms. A provision of £50k has been recognised for the estimated expenditure required to remove any leasehold improvements.

	2023 £000	2022 £000
At 31 March		
Provisions brought forward	50	50
Provisions carried forward	50	50

C11. Events after the reporting date

There have been no events that have occurred since the financial year end that require disclosure.

SUPPLEMENTARY INFORMATION

NOTICE OF ANNUAL GENERAL MEETING

If you hold ordinary shares in the Company, this notice is important and requires your immediate attention. If you are in any doubt about the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000.

If you have sold or otherwise transferred all your ordinary shares in the Company, please forward this document to the purchaser or transferee or to the stockbroker, bank or other person through whom the sale or transfer was effected for transmission to the purchaser or transferee.

If you hold any ordinary shares, you should have received a proxy form for use in respect of the meeting. Guidance notes on how to complete it, and on other matters, are given on the form itself and in the notes to this notice.

If you plan to attend the AGM in person, please notify the Company in advance by email to investors@activeops.com to assist us in planning and implementing arrangements for this year's meeting, as the Company may need to implement health and safety protocols to ensure the safety of all attendees.

If there are any changes to the arrangements of the AGM, these will be communicated to members before the meeting through the Company's website and, where appropriate, via the Regulatory News Service.

Shareholders are invited to submit any questions for the Board in advance by sending an email to investors@activeops.com. The Directors will give a business update to shareholders and answer relevant questions at the beginning of the AGM, after which the formal business as set out in the Notice of AGM will be considered.

NOTICE OF ANNUAL GENERAL MEETING

The 2023 annual general meeting of ActiveOps plc (the 'Company') will be held at the offices of CMS Cameron McKenna Nabarro Olswang LLP at Cannon Place, 78 Cannon Street, London, EC4N 6AF, at 10 a.m. on 28 September 2023 for the following purposes:

ORDINARY RESOLUTIONS

To consider and, if thought fit, to pass the following resolutions, which will be proposed as ordinary resolutions:

1. To receive the audited annual accounts and reports for the financial year ended 31 March 2023.
2. To reappoint Sean Francis Finnan as a Director.
3. To reappoint Richard John Jeffery as a Director.
4. To reappoint Michael Gerald McLaren as a Director.
5. To reappoint Hilary Wright as a Director.
6. To appoint Kenneth Smith as a Director.
7. To appoint MHA as auditors of the Company, to hold office until the conclusion of the next annual general meeting of the Company.
8. To authorise the Directors to determine MHA's remuneration as auditors of the Company.
9. For the purposes of section 366 of the Companies Act 2006, to authorise the Company and all companies that are its subsidiaries at any time during the period for which this resolution has effect to:
 - a) make political donations to political organisations other than political parties (as such terms are defined in sections 363 and 364 of the Companies Act 2006) not exceeding £10,000 in aggregate; and
 - b) incur political expenditure (as defined in section 365 of the Companies Act 2006) not exceeding £10,000, in aggregate, during the period beginning with the date of the passing of this resolution and ending 15 months after the date of the passing of this resolution or, if sooner, the conclusion of the next annual general meeting of the Company provided that the maximum amounts referred to in (a) and (b) may comprise sums in different currencies that shall be converted at such rate as the Directors may in their absolute discretion determine to be appropriate.
10. That the Directors be generally and unconditionally authorised to exercise all powers of the Company to allot shares and to grant rights to subscribe for or to convert any security into shares up to an aggregate nominal amount of £47,576.12 comprising:
 - a) an aggregate nominal amount of £23,788.06 (whether in connection with the same offer or issue as under (b) below or otherwise); and
 - b) an aggregate nominal amount of £23,788.06 in the form of equity securities (as defined in section 560 of the Companies Act 2006) in connection with an offer by way of a rights issue or other pre-emptive offer or issue, open for acceptance for a period fixed by the Directors, made to holders of ordinary shares (other than the Company) on the register on any record date fixed by the Directors in proportion (as nearly as may be) to the respective number of ordinary shares deemed to be held by them, subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, legal or practical problems arising in any overseas territory, the requirements of any regulatory body or stock exchange or any other matter whatsoever.

This authority shall expire (unless previously varied as to duration, revoked or renewed by the Company in general meeting) on the date falling 15 months after the passing of this resolution or, if earlier, at the conclusion of the annual general meeting of the Company in 2024, except that the Company may before such expiry make any offer or agreement which would or might require shares to be allotted or such rights to be granted after such expiry and the Directors may allot shares or grant such rights in pursuance of such offer or agreement as if the authority conferred by this resolution had not expired.

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

SPECIAL RESOLUTIONS

To consider and, if thought fit, to pass the following resolutions, which will be proposed as special resolutions:

11. That the Directors be empowered pursuant to section 570 of the Companies Act 2006 to allot equity securities (as defined in section 560 of that Act) for cash pursuant to the general authority conferred on them by resolution 10 and/or to sell equity securities held by the Company as treasury shares for cash pursuant to section 727 of the Companies Act 2006, in each case as if section 561 of that Act did not apply to any such allotment or sale, provided that this power shall be limited to:
- a) any such allotment and/or sale of equity securities in connection with an offer by way of a rights issue or other pre-emptive offer or issue, open for acceptance for a period fixed by the Directors, made to holders of ordinary shares (other than the Company) on the register on any record date fixed by the Directors in proportion (as nearly as may be) to the respective number of ordinary shares deemed to be held by them, subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, legal or practical problems arising in any overseas territory, the requirements of any regulatory body or stock exchange or any other matter whatsoever;
 - b) any such allotment and/or sale, otherwise than pursuant to sub-paragraph (a) above, of equity securities having, in the case of ordinary shares, an aggregate nominal value or, in the case of other equity securities, giving the right to subscribe for or convert into ordinary shares having an aggregate nominal value, not exceeding the sum of £7,136.41; and
 - c) any such allotment and/or sale, otherwise than pursuant to sub-paragraphs (a) or (b) above, of equity securities having, in the case of ordinary shares, an aggregate nominal value or, in the case of other equity securities, giving the right to subscribe for or convert into ordinary shares having an aggregate nominal value, not exceeding 20% of any such allotment and/or sale from time to time under sub-paragraph (b) above, such authority to be used only for the purposes of making a follow-on offer which the Directors determine to be of a kind contemplated by paragraph 3 of Section 2B of the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice.

This authority shall expire, unless previously revoked or renewed by the Company in general meeting, at such time as the general authority conferred on the Directors by resolution 10 expires, except that the Company may before such expiry make any offer or agreement which would or might require equity securities to be allotted or equity securities held as treasury shares to be sold after such expiry and the Directors may allot equity securities and/or sell equity securities held as treasury shares in pursuance of such an offer or agreement as if the power conferred by this resolution had not expired.

12. That, in addition to any authority granted under resolution 11, the Directors be empowered pursuant to section 570 of the Companies Act 2006 to allot equity securities (as defined in section 560 of that Act) for cash pursuant to the general authority conferred on them by resolution 10 and/or to sell equity securities held by the Company as treasury shares for cash pursuant to section 727 of the Companies Act 2006, in each case as if section 561 of that Act did not apply to any such allotment or sale, provided that this power shall be limited to:
- a) any such allotment and/or sale of equity securities having, in the case of ordinary shares, an aggregate nominal value or, in the case of other equity securities, giving the right to subscribe for or convert into ordinary shares having an aggregate nominal value, not exceeding the sum of £7,136.41, such authority to be used only for the purposes of financing (or refinancing, if the authority is to be used within twelve months after the original transaction) a transaction which the Directors determine to be an acquisition or a specified capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice; and
 - b) any such allotment and/or sale, otherwise than pursuant to sub-paragraph (a) above, of equity securities having, in the case of ordinary shares, an aggregate nominal value or, in the case of other equity securities, giving the right to subscribe for or convert into ordinary shares having an aggregate nominal value, not exceeding 20% of any such allotment and/or sale from time to time under sub-paragraph (a) above, such authority to be used only for the purposes of making a follow-on offer which the Directors determine to be of a kind contemplated by paragraph 3 of Section 2B of the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice.

This authority shall expire, unless previously revoked or renewed by the Company in general meeting, at such time as the general authority conferred on the Directors by resolution 10 expires, except that the Company may before such expiry make any offer or agreement which would or might require equity securities to be allotted or equity securities held as treasury shares to be sold after such expiry and the Directors may allot equity securities and/or sell equity securities held as treasury shares in pursuance of such an offer or agreement as if the power conferred by this resolution had not expired.

13. That the Company be generally and unconditionally authorised to make market purchases (within the meaning of section 693(4) of the Companies Act 2006) of its ordinary shares of 0.1 pence each provided that in doing so it:
- a) purchases no more than 7,136,418 ordinary shares in aggregate;
 - b) pays not less than 0.1 pence (excluding expenses) per ordinary share; and
 - c) pays a price per share that is not more (excluding expenses) per ordinary share than the higher of:
 - i) 5% above the average of the middle market quotations for the ordinary shares as derived from the Daily Official List for the five business days immediately before the day on which it purchases that share; and
 - ii) the higher of the price of the last independent trade and the highest current independent bid on the market where the purchase is carried out.

This authority shall expire at the conclusion of the Company's next annual general meeting or within 15 months from the date of passing of this resolution (whichever is the earlier), but the Company may, if it agrees to purchase ordinary shares under this authority before it expires, complete the purchase wholly or partly after this authority expires.

The Directors believe that the proposals in resolutions 1 to 13 are in the best interests of shareholders as a whole. The Directors will be voting in favour of them and unanimously recommend that you do so as well.

On behalf of the Board

Rebecca Hughes
Company Secretary
7 August 2023

Registered office:
One Valpy, 20 Valpy Street, Reading, England, RG1 1AR
Registered in England and Wales No. 03125867

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

Notes

1. You are encouraged, regardless of the number of shares you own, to appoint the Chair of the AGM as your proxy, further details of which are contained in note 5 below. If you plan to attend the AGM in person, please notify the Company in advance by email to investors@activeops.com. If there are any changes to the arrangements of the AGM, these will be communicated to members before the meeting through the Company's website and, where appropriate, via the Regulatory News Service.
2. Shareholders are invited to submit any questions for the Board in advance by sending an email to investors@activeops.com. The Directors will give a business update to shareholders and answer relevant questions at the beginning of the AGM, after which the formal business as set out in the Notice of AGM will be considered.
3. A shareholder is entitled to appoint another person as that shareholder's proxy to exercise all or any of that shareholder's rights to attend and to speak and vote at the AGM. A shareholder may appoint more than one proxy in relation to the AGM, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy does not need to be a shareholder of the Company, although you are recommended to appoint the Chair of the AGM. If you are appointing more than one proxy you will need to state clearly on each form of proxy the number of shares in relation to which the proxy is appointed, and ensure that, taken together, the numbers of shares stated on the forms of proxy do not exceed your holding.
4. A personalised form of proxy for use in connection with the AGM is enclosed with the document of which this notice forms part. If you do not have a personalised form of proxy and believe that you should, please contact the Company's registrars, Equiniti Limited on 0371 384 2030 if calling from the UK, or +44 (0)371 384 2030 if calling from overseas.
5. To appoint a proxy or proxies, shareholders must complete:
 - a) a form of proxy, sign it and return it, together with the power of attorney or any other authority under which it is signed, or a notarially certified copy of such authority, to the Company's registrars, Equiniti Limited, at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA; or
 - b) a CREST Proxy Instruction (see note 6 below); or
 - c) an online proxy appointment at www.sharevote.co.uk using the Task ID, Voting ID and Shareholder Reference Number provided on the form of proxy, in each case so that it is received no later than 10:00 a.m. on 26 September 2023.
6. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the AGM and any adjournment(s) of the meeting by using the procedures described in the CREST Manual (available via <http://www.euroclear.com/CREST>). CREST Personal Members or other CREST sponsored members and those CREST members who have appointed any 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.
7. 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 & International 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 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 the Company's agent (ID RA19) by the latest time for receipt of proxy appointments set out in note 5 above. 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 the Company's agent 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.
8. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & International 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 any voting service provider(s), to procure that their CREST sponsor or voting service provider(s) take(s)) such action as is 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.
9. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
10. Only those shareholders included in the register of members of the Company at 6.30 p.m. on 26 September 2023 or, if the meeting is adjourned, in the register of members at 6.30 p.m. on the day which is two working days before the time for holding any adjourned meeting, will be entitled to attend and to vote at the AGM in respect of the number of shares registered in their names at that time. Changes to entries on the share register after the relevant deadline will be disregarded in determining the rights of any person to attend or vote at the AGM.
11. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
12. You may not use any electronic address provided either in this notice of annual general meeting or any related documents (including the form of proxy) to communicate with the Company for any purposes other than those expressly stated.
13. As at 4 August 2023 (being the last business day before the publication of this Notice), the Company's issued share capital consisted of 71,364,180 ordinary shares carrying one vote each. The Company does not hold any shares in treasury. Therefore, the total voting rights in the Company as at 4 August 2023 are 71,364,180.
14. Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting, but no such answer need be given if:
 - a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
 - b) the answer has already been given on a website in the form of an answer to a question; or
 - c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
15. Copies of the Directors' service contracts and letters of appointment are available for inspection at the Company's registered office, where the AGM will be held, during normal business hours on any weekday (excluding public holidays) and for 15 minutes prior to and during the meeting.

EXPLANATORY NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

The notice of the Annual General Meeting of the Company to be held on 28 September 2023 is set out on pages 87 to 93 of the annual accounts and reports. The following notes provide an explanation as to why the resolutions set out in the notice are to be put to shareholders.

Resolutions 1 to 10 are ordinary resolutions. These resolutions will be passed if more than 50% of the votes cast for or against are in favour.

Resolution 1 – Laying of Accounts

The Directors are required by the Companies Act 2006 to present to the shareholders of the Company at a general meeting the reports of the Directors (including the strategic report) and auditors, and the audited accounts of the Company, for the year ended 31 March 2023. The reports of the Directors and the audited accounts have been approved by the Directors, and the report of the auditors has been approved by the auditors, and a copy of each of these documents may be found in the annual accounts and reports, starting at page 52.

Resolutions 2 to 6 – Reappointment and appointment of the Directors

Notwithstanding that neither the articles of association of the Company nor the QCA Guidelines (the corporate governance code to which the Company adheres) require them to do so, all the Directors are seeking reappointment (or appointment in the case of Kenneth Smith) as has increasingly become the market practice and standard of good corporate governance. As notified in the RNS announcement dated 28 March 2023, Kenneth Smith was appointed by the Board as Chief Financial Officer with effect from 1 May 2023. Further to the RNS announcement dated 16 December 2022, Patrick Deller, former Chief Financial Officer, stepped down from the Board on 1 May 2023 and remained in the business until 31 May 2023 to ensure an orderly handover.

Biographical information for Sean Francis Finnan, Richard John Jeffery, Michael Gerald McLaren, Hilary Wright and Kenneth Smith is shown on pages 34 to 35 of the annual report and accounts.

Resolution 7 – Auditors' appointment

The Companies Act 2006 requires that auditors be appointed at each general meeting at which accounts are laid, to hold office until the next such meeting.

The Company undertook a competitive tender process in 2023 with a view to appointing an external auditor for the Company for the financial year ending 31 March 2024. RSM UK Audit LLP, the Company's current auditor, did not participate in the tender process and will cease to hold office at the conclusion of the AGM. The Board would like to thank RSM UK Audit LLP for its service to the Company.

Following the completion of the tender process and evaluation, which was led by the Audit Committee, the Board agreed with the Audit Committee's recommendation to appoint MHA as the Company's auditor for the current financial year. This resolution seeks shareholder approval for the appointment of MHA.

Resolution 8 – Auditors' remuneration

This resolution gives the Directors the authority to determine the remuneration of the auditors for the audit work to be carried out by them in the next financial year. The amount of the remuneration paid to the auditors for the next financial year will be disclosed in the next audited accounts of the Company.

Resolution 9 – Political donations and expenditure

Part 14 of the Companies Act 2006 provides that political donations or political expenditure made or incurred by a company must be authorised in advance by the Company's shareholders. It is not the policy of the Company to make political donations or incur political expenditure, and the Company has no intention of using the authority granted by this resolution for this purpose, but, because the definitions in the Companies Act 2006 are broadly framed, normal business activities of the Company, which might not be thought to be political expenditure or political donations in the usual sense, could be caught. This resolution is a precautionary measure to ensure that the Company and its subsidiaries do not inadvertently breach the Companies Act 2006. If passed, this resolution will authorise the Company and its subsidiaries to make donations to political organisations (excluding political parties and independent candidates) and to incur political expenditure (each as defined in the Companies Act 2006) up to an aggregate limit of £10,000 for each category in the period beginning with the date of the passing of this resolution and ending 15 months after the passing of this resolution or, if sooner, the conclusion of the next annual general meeting of the Company.

Resolution 10 – Authority to the Directors to allot shares

The Companies Act 2006 provides that the Directors may only allot shares or grant rights to subscribe for or to convert any security into shares if authorised by shareholders to do so. Resolution 10 will, if passed, authorise the Directors to allot shares up to a maximum nominal amount of £47,576.12, which represents an amount which is approximately equal to two-thirds of the issued ordinary share capital of the Company as at 4 August 2023, the latest practicable date prior to the publication of the notice. As at that date, the Company did not hold any treasury shares.

As provided in paragraph (a) of the resolution, up to half of this authority (equal to one-third of the issued share capital of the Company) will enable Directors to allot and issue new shares in whatever manner (subject to pre-emption rights) they see fit. Paragraph (b) of the resolution provides that the remainder of the authority (equal to a further one-third) may only be used in connection with a rights issue or open offer in favour of ordinary shareholders. As paragraph (a) imposes no restrictions on the way the authority may be exercised, it could be used in conjunction with paragraph (b) so as to enable the whole two-thirds authority to be used in connection with a rights issue or open offer. Where usage of this authority exceeds the one-third of the issued share capital, the Directors intend to follow emerging best practice as regards its use (including in respect of the Directors seeking reappointment as has increasingly become the market practice and standard of good corporate governance).

The authority will expire at the earlier of (i) the date falling 15 months after the date of passing of the resolution and (ii) the conclusion of the next annual general meeting of the Company.

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

Passing this resolution will ensure that the Directors continue to have the flexibility to act in the best interests of shareholders, when opportunities arise, by issuing new shares. There are no current plans to issue new shares except in connection with employee share schemes.

The Company does not at present hold any shares in treasury.

Resolutions 11, 12 and 13 are special resolutions. These resolutions will be passed if not less than 75% of the votes cast for and against are in favour.

Resolutions 11 and 12 – Disapplication of statutory pre-emption rights

The Companies Act 2006 prescribes certain pre-emption rights under which, if the Company issues new shares, or grants rights to subscribe for or to convert any security into shares, for cash or sells any treasury shares, it must first offer them to existing shareholders in proportion to their current holdings.

In November 2022, the Pre-Emption Group updated their Statement of Principles on Disapplying Pre-Emption Rights (the 'Statement of Principles') to, amongst other things, support companies seeking authority to issue non-pre-emptively for cash equity securities representing:

- no more than 10% of issued ordinary share capital whether or not in connection with an acquisition or specified capital investment (a general disapplication), with an additional limit of no more than 2% to be used only for the purposes of a follow-on offer; and
- no more than an additional 10% of issued ordinary share capital, provided that it is intended to be used only in connection with the financing (or refinancing, if the authority is to be used within 12 months after the original transaction) of an acquisition or specified capital investment which is announced contemporaneously with the allotment or which has taken place in the preceding 12 month period and is disclosed in the announcement of the allotment, with an additional limit of no more than 2% to be used only for the purposes of a follow-on offer.

Under resolution 11, it is proposed that the Directors be authorised to issue shares for cash and/or sell shares from treasury (if any are so held) without offering them first to existing shareholders in accordance with statutory pre-emption rights:

- i) up to an aggregate nominal amount of £7,136.41 (up to 7,136,418 new ordinary shares of 0.1 pence each), which represents approximately 10% of the Company's issued share capital as at 4 August 2023, the latest practicable date prior to the publication of the notice, for an unrestricted purpose, with an additional aggregate amount of up to 2% of the Company's issued share capital for a 'follow-on offer' of a kind contemplated by paragraph 3 of Section 2B of the Statement of Principles. This part of the authority is designed to provide the Board with flexibility to raise further equity funding and to pursue acquisition opportunities as and when they may arise; and
- ii) in respect of a rights issue, open offer or other offer that generally provides existing shareholders with the opportunity to subscribe for new shares pro rata to their existing holdings. This part of the authority is designed to give the Directors flexibility to exclude certain shareholders from such an offer where the Directors consider it necessary or desirable to do so in order to avoid legal, regulatory or practical problems that would otherwise arise.

Under resolution 12, it is proposed that the Directors be authorised to issue shares for cash and/or sell shares from treasury (if any are so held) without offering them first to existing shareholders in accordance with statutory pre-emption rights up to an additional aggregate nominal amount of £7,136.41 (up to 7,136,418 new ordinary shares of 0.1 pence each), which represents approximately 10% of the Company's issued share capital as at 4 August 2023, the latest practicable date prior to the publication of the notice, for use only in connection with an acquisition or specified capital investment, with an additional aggregate amount of up to 2% of the Company's issued share capital for a 'follow-on offer' of a kind contemplated by paragraph 3 of Section 2B of the Statement of Principles. The Directors consider that proposing this resolution is appropriate for the Company's circumstances and, in accordance with the Statement of Principles, the Directors confirm that the authority will be used only in connection with an acquisition or specified capital investment that is announced contemporaneously with the issue, or that has taken place in the preceding twelve-month period and is disclosed in the announcement of the issue.

If passed, the authorities in resolutions 11 and 12 will expire at the same time as the authority to allot shares given pursuant to resolution 10.

Excluding any shares issued in connection with an acquisition or specified capital investment as described above, the Directors do not intend to issue more than 7.5 % of the issued share capital on a non-pre-emptive basis in any rolling three-year period.

Resolution 13 – Purchase of own shares by the Company

If passed this resolution will grant the Company authority for a period of up to 15 months after the date of passing of the resolution to buy its own shares in the market. The resolution limits the number of shares that may be purchased to 10% of the Company's issued share capital as at 4 August 2023, the latest practicable date prior to the publication of the notice. The price per ordinary share that the Company may pay is set at a minimum amount (excluding expenses) of 0.1 pence per ordinary share and a maximum amount (excluding expenses) of the higher of: (i) 5% over the average of the previous five days' middle market prices; and (ii) the higher of the price of the last independent trade and the highest current independent bid on the trading venue where the purchase is carried out. The Directors have no present intention of exercising the authority to purchase the Company's ordinary shares but will keep the matter under review, taking into account the financial resources of the Company, the Company's share price and future funding opportunities.

The Directors' present intention is that shares purchased pursuant to this authority (to the extent statutory requirements are met and provided any treasury shares held do not exceed 10% of the Company's issued share capital) will be held in treasury for future cancellation, sale for cash, or transfer for the purposes of or pursuant to an employee share scheme, although they may be cancelled immediately on repurchase in the light of circumstances at the time. The effect of any cancellation would be to reduce the number of shares in issue. For most purposes, while held in treasury, shares are treated as if they have been cancelled (for example, they carry no voting rights and do not rank for dividends). The Directors will only make purchases under this authority if they believe that to do so would result in an increase in earnings per share for the remaining shareholders and was in the best interests of shareholders generally.

As at 4 August 2023, which is the latest practicable date prior to the publication of the notice, the total number of options to subscribe for ordinary shares of 0.1 pence each in the Company was 3,027,071, representing approximately 4.24% of the issued share capital of the Company at that date. If the proposed market purchase authority were to be used in full and all of the repurchased shares were cancelled (but the Company's issued share capital otherwise remained unaltered), the total number of options to subscribe for ordinary shares of 0.1 pence each in the Company at that date would represent approximately 4.71% of the Company's issued share capital.

COMPANY INFORMATION

Company number

03125867

Directors

Richard Jeffery (CEO)
Ken Smith (CFO)
Sean Finnan (Non-Executive Chair)
Hilary Wright – (Non-Executive)
Mike McLaren – (Non-Executive)

Company secretary

Rebecca Hughes

Registered office

ActiveOps plc
One Valpy
20 Valpy Street
Reading
RG1 1AR

Independent Auditor

RSM UK Audit LLP
Portland
25 High Street
Crawley
RH10 1BG

Registrars

Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA

Financial PR

Alma PR
71-73 Carter Lane
London
EC4V 5EQ

Nominated advisor and broker

Investec Bank plc
30 Gresham Street
London
EC2V 7QP

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ActiveOps

One Valpy
20 Valpy Street
Reading
England
RG1 1AR
+44(0) 118 907 5000

**discover more
at activeops.com**