Powering the personalised marketing revolution.

Interim Report **2024**

Growth in ARR demonstrates ongoing momentum

as retailers move towards personalised marketing

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About Eagle Eye

Eagle Eye is a leading SaaS technology company enabling retail, travel and hospitality brands to earn the loyalty of their end customers by powering their real-time, omnichannel and personalised consumer marketing activities.

Eagle Eye AIR is a cloud-based platform, which provides the most flexible and scalable loyalty and promotions capability in the world. More than 750 million personalised offers are executed via the platform every week, and it currently hosts over 200 million individual loyalty members for businesses all over the world. We are trusted to deliver a secure service at hundreds of thousands of physical POS destinations worldwide, enabling the real-time issuance and redemption of promotional coupons, loyalty offers, gift cards, subscription benefits and more.

The Eagle Eye AIR platform is currently powering loyalty and customer engagement solutions for enterprise businesses all over the world, including Asda, Tesco, Morrisons, Waitrose and John Lewis & Partners, JD Sports, Pret a Manger, Loblaws, Southeastern Grocers, Giant Eagle, and the Woolworths Group. In January 2024, Eagle Eye launched EagleAI, a next-generation data science solution for personalisation, already being used by leading retailers worldwide including Carrefour, Auchan and Pattison Food Group.

Web - **www.eagleeye.com**

FINANCIAL HIGHLIGHTS

Continuing momentum as retailers move towards personalised marketing

Eagle Eye, a leading SaaS technology company that creates digital connections enabling personalised, real-time marketing through coupons, loyalty, apps, subscriptions and gift services, is pleased to announce its unaudited interim results for the six months ended 31 December 2023 (the "Period" or "H1 2024").

Group Revenue - H1

£24.1m

H1 2023: £20.01m

+20%

Recurring revenue - H1 (subscription fees and transactions)

£18.8m

H1 2023: £15.7m

+23%

Annual Recurring Revenue[1] - H1 (ARR)

£35.4m

H1 2023: £28.1m

+26%

Net Revenue Retention[2] - H1

120%

H1 2023: 127%

-7ppt

Adjusted EBITDA[3] - H1

£5.9m

H1 2023: £4.7m

+25%

EBITDA margin

24.4%

H1 2023: 23.5%

+0.9ppt

Adjusted profit before tax[4] - H1

£2.6m

H1 2023: £1.7m

+49%

Adjusted net cash[5] at 31 Dec - H1

£7.8m

H1 2023: £5.7m

+36%

Read our Financial Review on page 12

1 Period end Annual Recurring Revenue ("ARR") is defined as Period exit rate for recurring subscription and transaction revenue (exc SMS) plus any professional services contracted for more than 12 months hence and secured new wins, excluding any seasonal variations and lost contracts.

2 Net Revenue Retention ("NRR") rate is defined as the improvement in recurring revenue excluding SMS and new wins in the last 12 months.

3 EBITDA has been adjusted for the exclusion of share-based payment charges along with depreciation, amortisation, interest and tax from the measure of profit, along with costs of the acquisition of Untie Nots in FY23

4 Profit before tax has been adjusted for the exclusion of amortisation on intangible assets recognised under IFRS 3 on the acquisition of Untie Nots and share-based payments

5 Adjusted net cash is defined as cash and cash equivalents less financial liabilities and in H1 23 excludes the placing proceeds associated with the acquisition of Untie Nots which were paid out following completion on 3 January 2023.

OPERATIONAL HIGHLIGHTS

A period of strong progress:

Positive customer momentum and strong international growth continues

- Revenue growth and EBITDA margins in line with our "Rule of 40+ Objective", with revenue up 20% and an adjusted EBITDA margin of 24.4% (up 0.9ppt).
- Particularly strong international performance, with revenue from North America increasing 21% and APAC increasing 39%, enhancing our presence in two of the fastest growing loyalty markets.
- Group ARR increased by 26% to £35.4m, providing a strong basis for continued expansion, driven by:
  - The winning of two five-year contracts in North America, including the first win for EagleAI, a three-year contract with an Australian retailer and a three-year contract with The Ivy Collection in the UK;
  - Ongoing deepening across our customer base, delivering strong levels of NRR at 120%, including expansion with Woolworths in Australia and Asda in the UK, the further roll-out of the large US grocer won in partnership with Neptune Retail Solutions, Untie Nots expansion with existing French customers, including E.Leclerc and first successful cross sale to existing Eagle Eye customer, Morrisons.

Innovation to capitalise on expanding market opportunity

- 'EagleAI – Personalised Promotions', the Group's new AI solution, launched at the world's largest retail trade show, NRF in January 2024, with first two customers secured and a growing pipeline of opportunities across existing and new customers.
- Untie Nots' AI-Powered Challenges solution re-branded as 'EagleAI – Personalised Challenges', bringing both AI-powered solutions under the EagleAI brand.
- Launched new Social and Behavioural Actions capability within AIR, enabling retailers to award customers points for non-transactional behaviours and deployed the ability to auto-exchange points into cash vouchers.
- New partnership agreement with commercetools to enable commercetools customers to access the AIR platform on their eCommerce websites through a single, ready-to-use connection.

Investment in our Purple People

- Roll out of the Group's Purple Playbook and bespoke training programmes to deliver on the ambition to be the best company to work for.
- Moved up the rankings to 7th place in the UK's Best Companies to Work for, and was named the 7th most innovative marketing technology company in the world in the recent TMW 100 awards, where Eagle Eye also received the prestigious Judges Pick accolade.

Confident in continued success

- Exited the Period with a sales pipeline 2.5x higher than a year ago, with the two EagleAI solutions accounting for 30% of the pipeline.
- Trading since the Period end has continued well providing confidence in delivering another year of profitable growth in line with the Board's expectations.

"We have laid out our ambitions and strategy to be a much bigger business, and these results demonstrate we are progressing on that journey, thanks to our Purple People, powerful platform, product innovation and growing roster of customer success stories around the world. Our ability to deliver highly personalised messages to consumers at unparalleled speed and scale, positions us at the centre of the innovations taking place across the world of retail marketing. With a considerable and growing pipeline, we remain confident in our ability to deliver on our ambitions."

Tim Mason
Chief Executive Officer

AT A GLANCE

We are problem solvers

It's in our DNA

We exist to solve the biggest problems facing the world's leading customer-centric businesses

We create value by ensuring our customers are able to deliver **better**, more personalised marketing, which is **simpler** for their teams to execute and **cheaper** for them to run.

Our digital customer engagement platform, AIR

Our cloud-native, API-first, composable architecture enables us to solve the primary business problems facing our customers. It is the world's most flexible platform to deliver omnichannel personalisation at scale.

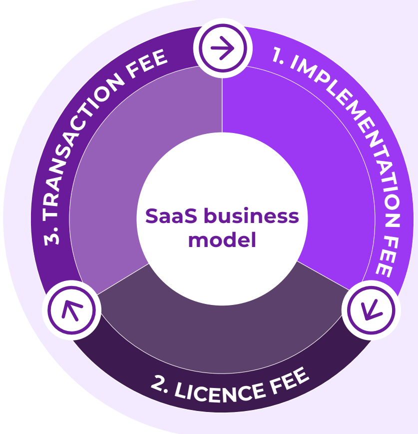
AIR
Enterprise ready

Security	Stability	Speed	Scalability	Support
Our top priority	**+99.9% availability**	**We are real-time**	**No one does more**	**Here for you 24/7/365**
Invest +5% of revenues back into best-in-class security	Trusted to deliver a stable service for -5000m POS	200ms to adjudicate a basket. 10k API TPS 365 days	Execute +750m personalised offers every week	Delivers a customer retention rate of +99%

CLOUD NATIVE
API-FIRST
COMPOSABLE
OMNICHANNEL
REAL-TIME

AT A GLANCE CONTINUED

How we make money



01

- One off implementation fee

02

- Recurring licence fee for access to Eagle Eye AIR

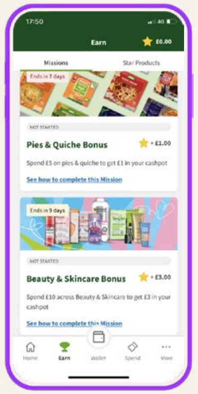
03

- Transaction fee
- Per issuance X pence – linked to value
- Per redemption 3–5 times issuance or interaction fees (earn and burn of points) for loyalty services replaces issuance and redemption

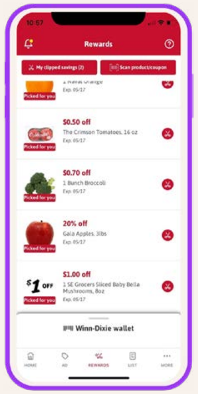
Our Core Products

To deliver against our vision of powering the personalised marketing revolution globally, we offer four core products which enable our customers to personalise their customers' experiences in a myriad of ways

01 Real-Time Loyalty

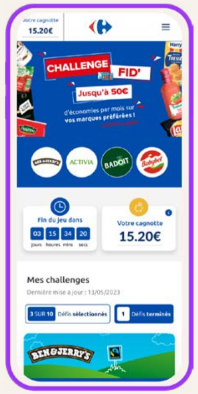


02 Omnichannel Promotions Engine

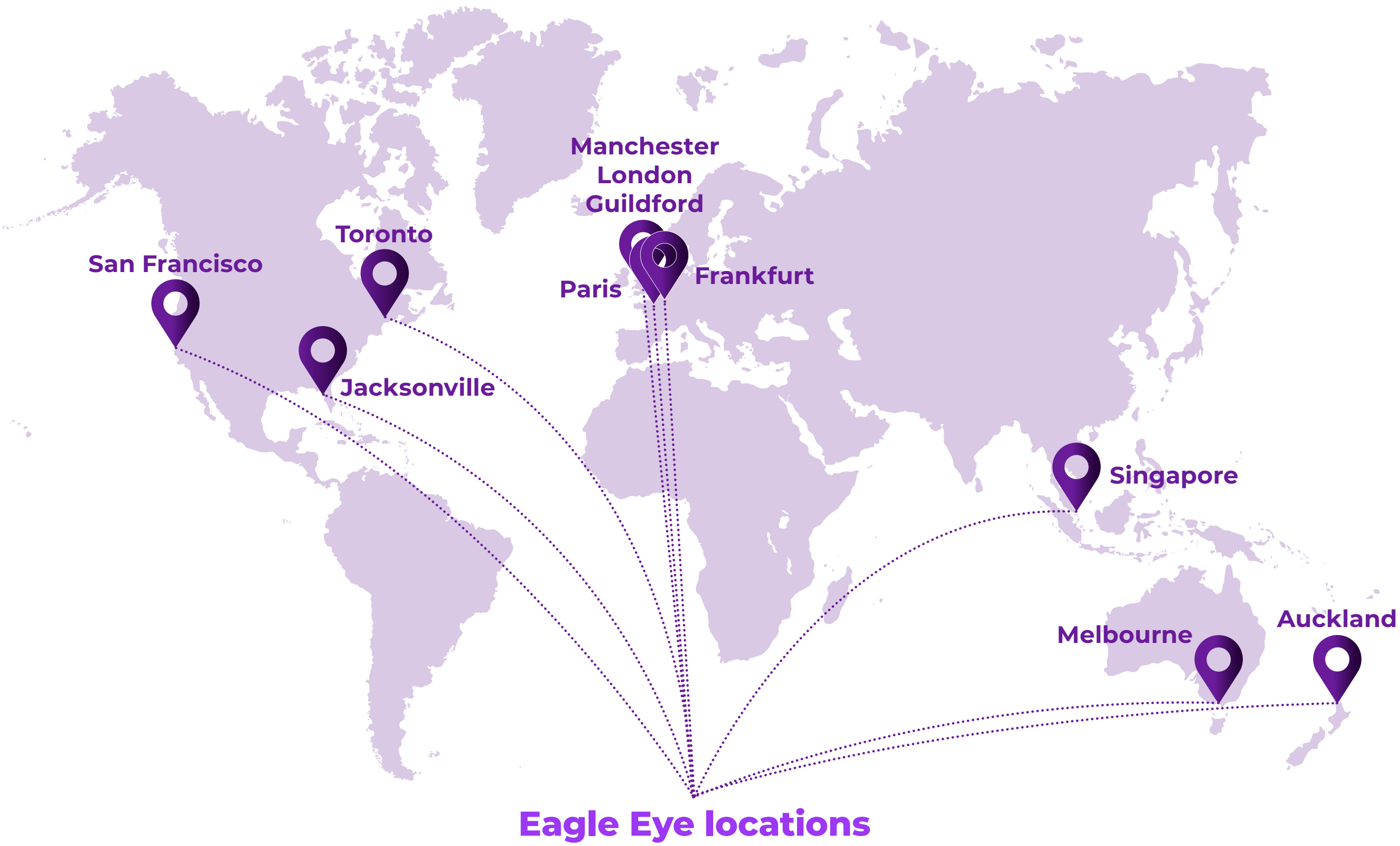


03 Gifting & Top-Up

04 Eagle AI



We have a global presence, with offices and customers around the world



Tried, tested and proven

The best-in-class loyalty and promotions platform for leading omnichannel retailers globally.

+750m
personalised offers weekly

+200m
loyalty members

1.2%
customer churn

Solving the personalisation problem for leading businesses all over the world

STRATEGIC FRAMEWORK

1 Win, Transact, Deepen

To **win** new customers, **transact** through our platform, **deepen** with additional products from our portfolio

2 Innovation

To develop **new products** to provide further upsell opportunities across our customer base and strengthen our competitive positioning

3 International Growth

To enter new **Geographies**

4 Better, Simpler, Cheaper

To run the business **Better, Simpler, Cheaper**

5 Mergers and Acquisitions

To asses **complementary acquisition** opportunities as they arise

STRATEGIC REPORT

Successful execution against strategy, delivering growth in line with our Rule of 40+ objective

We have laid out our ambitions and strategy to be a much bigger business, and these results demonstrate we are progressing on that journey, thanks to our Purple People, powerful platform, product innovation and growing roster of customer success stories around the world.

At our Capital Markets Event in February 2024, we announced our medium-term ambition to achieve the next milestone of a £100m revenue and 25% EBITDA margin business, built upon the strong foundations of the business and our growth strategy to take advantage of the increasing demand for personalised marketing at scale.

I am pleased to be reporting results today that demonstrate the continued successful execution of that strategy, delivering revenue growth and EBITDA margins that align with our "Rule of 40+ Objective", with revenue up 20% and adjusted EBITDA margin up 0.9ppt to 24.4%. ARR grew 26% to £35.4m as we continued to secure new customers in the UK and internationally, including two five-year contracts in North America, and the first win for EagleAI, and deepened our existing relationships, across all key geographies, supporting the Group's continued strong level of NRR.

We now have a presence in all key loyalty market geographies, with North America now accounting for approximately half of Group revenue. International regions delivered the highest growth rates in the Period, with North America up 21% and APAC up 39%, alongside 15% growth in our more established European market. With strong and growing pipelines, these regions represent considerable expansion opportunities for the Group.

The launch of EagleAI in January 2024 at NRF, the world's leading annual retail event, held in New York, marked a significant step forward on our journey to power the personalised marketing revolution, and is already driving a considerable increase in our sales pipeline.

The strength of our offering, growing global customer base, exciting market backdrop, outstanding team and high-quality business model provides the Board with confidence in our ability to achieve our ambitions.

Growing market opportunity

In the fast-evolving landscape of global retail, establishing meaningful digital connections with consumers has never been more crucial. Retailers worldwide are evaluating the optimal ways to offer highly targeted, personalised promotions and loyalty programmes to their customer base, in response to changing consumer shopping behaviour, the inflationary crisis and the advances in cloud-native technologies, data science and AI.

The loyalty market is currently estimated to be worth $10.2 billion worldwide and is projected to reach $22.8 billion by 2028, growing at a CAGR between 2023 and 2028 of 17.5%. The market is global and sector agnostic, providing a considerable runway of growth for Eagle Eye.

Personalised loyalty in its broadest form is regarded as a highly effective means for retailers to drive sales growth, with Boston Consulting Group estimating that redirecting 25% of US mass promotional spending to personalised offers would increase ROI by 200%. We estimate, however, that even those retailers with the most advanced loyalty offerings are not even at 10% of their spend.

Added to this is the desire by retailers to take advantage of the advances in AI. AI, however, needs data, and one of the most efficient methods for retailers to gather customer data is through the implementation of loyalty programmes, which themselves cannot run without the connection to consumers in order to execute on the data. Eagle Eye's AIR platform powers loyalty, creates connections and executes data - placing us right at the centre of this key driver in the loyalty market. AI needs AIR.

Delivering against our growth strategy

Our next milestone is to become a £100m revenue business with a 25% EBITDA margin and we believe that the five measures in our strategic framework, alongside an expanding market and a great team, will enable us to achieve our ambitions.

I am pleased to report good progress across all of the five aspects of our growth strategy during the first half of the financial year:

1. "Win, Transact and Deepen"

- **'Win':** bring more customers on to the Eagle Eye AIR platform;
- **'Transact':** drive higher redemption and interaction volumes through the platform; and
- **'Deepen':** encourage our customers to adopt more of our product portfolio as they become more adept at digital marketing.

Win

A key focus for Eagle Eye is to continue to 'Win' to drive growth and during the Period we secured a good number of new 'wins', growing our presence in the UK, Europe, Asia and North America. We now have eight customers in North America reflecting the growing recognition within the region of the importance of personalised digital loyalty programmes. During the Period, we secured a five-year loyalty contract with a large pet supply company in the region, to support their re-imagined loyalty programme and a five-year contract with Pattison Food Group (PFG), Western Canada's largest grocery retailer, for the use of Eagle Eye's AIR platform to enhance its loyalty programme, More Rewards. This also includes the first win for EagleAI, which will see PFG use Eagle Eye's new AI tools to generate and autonomously target personalised offers for its 3.5 million More Rewards members.

A second win for the EagleAI solution was secured post Period end in France, where Untie Nots extended their relationship with Carrefour through the addition of EagleAI via Médiaperformances, the leader in shopper marketing in France. Médiaperformances will use the AI based promotion picking capability to offer relevant personalised offers that they have sourced to Carrefour's customers.

Further wins include a three-year contract with an Australian retailer and a three-year contract with The Ivy Collection in the UK, a popular group of brasseries and cafes, to power its colleague discount scheme.

In the Period, we also signed a partnership agreement with commercetools, a global leader in composable commerce headquartered in Germany, and together we have now launched an integration-led partnership to enable commercetools customers to access the power of the Eagle Eye AIR platform and its associated Loyalty and Promotional capabilities on their eCommerce websites through a single, ready-to-use connection.

Our high level of customer retention means that each new customer win significantly adds to our growth prospects, through expanding the use of the platform and the addition of new services.

Transact

Chargeable AIR redemption and interaction volumes, a key measure of usage of Eagle Eye AIR, increased by 65% to 2.6bn (H1 2023: 1.6bn).

A significant contribution to this growth was generated by Asda following the full launch of its loyalty programme in 2022, which in 2023 saw over 400m redemptions throughout the year. We also benefitted from a full period impact from Woolworths Group "Real-Time Loyalty" programme in Australia following its go live in August 2022. Volumes also grew due to the further roll-out of the large U.S. grocer won in partnership with Neptune Retail Solutions, which went live in May 2022 and other general increases in the use of the platform by our customers.

Deepen

The Group's continued strong performance has been supported by the deepening of existing relationships, including expansion with Woolworths in Australia and Asda in the UK.

We have also seen good levels of deepening for Untie Nots since joining the Group in January 2023. Untie Nots has expanded with existing customers, including E.Leclerc, who have signed a 12-month renewal for the Challenges product, which is to be delivered through the Google Cloud Marketplace, and secured entry into the UK market through a win with existing Eagle Eye customer, Morrisons, benefitting from Eagle Eye's larger marketing reach and relationships.

The success of this is reflected in the continued strong NRR of 120% (H1 FY23: 127%). Pleasingly, our long-term contract customer churn rate by value remains very low at 1.2% (H1 2023: 0.0%), with good levels of renewals taking place.

2. Innovation

Innovation continues to lie at the heart of our proposition, investing in the capabilities of Eagle Eye AIR to ensure that our technology continues to enrich the lives of our customers, and their consumers. In addition to EagleAI, we have continued to invest in innovation, to capitalise on the expanding market opportunity.

EagleAI: newly launched Personalised Promotions solution

Our newly launched Personalised Promotions solution, powered by EagleAI, was built on the capabilities brought into the Group with the acquisition of Untie Nots. This offering uniquely automates the process of connecting and structuring customer data across touchpoints, and then applies machine learning and AI to create uniquely personalised offers for customers rather than curating the 'best fit' set of offers based on a finite number available. This approach sets a new global standard for retail personalisation, and significantly expands our market opportunity as we can now deliver a more packaged end-to-end personalisation use case for enterprise retailers globally.

Following a successful 12-month integration period, the acquired AI-based Personalised Challenges solution will also now be marketed under the EagleAI brand, alongside Personalised Promotions, while still being sold as individual products. Together, these two AI-based offerings accounted for 30% of the Group's considerably increased sales pipeline at the end of the Period, demonstrating the strong interest globally from retailers for AI.

Extending our functionality

A significant area of focus has been on launching our new Social and Behavioural Actions capability which enables retailers to award customers points for non-transactional behaviours including writing product reviews, referring friends, downloading an app and much more. In addition to this, we have deployed the ability to auto-exchange points into cash vouchers, have enabled "pending points" which aims to reduce fraud on larger ticket items as well as supporting multi-stage fulfilment of points which ensures that points are only credited to customers as the items from their order are shipped to the customer.

Speed and Scale

Investing in the overarching strength of the platform continues to remain a priority, and this is governed by our customer promise and its pillars of Security, Speed, Scale, Stability and Support. Transaction volumes going through the platform continue to grow, with 23% growth in the year to December 2023 compared to 2022, therefore, our teams are continually focused on delivering improvements to our API response times as these volumes grow.

In the Period, we also added additional sophistication to our Cloud-Based Adjudication service, incorporating a number of new campaign qualification rules, but reduced our POS Connect response times simultaneously.

3. International Growth

The benefits of our investment into international expansion are becoming increasingly evident, with the new wins in North America, and the deepening of our customer relationships in Europe during the Period.

We see opportunities for international expansion across all four regions:

- Within our established European markets, we are focused on the cross sale of AIR into Untie Nots' customer base and Untie Nots' Challenges into the Eagle Eye customer base.
- In the DACH region, where we are just at the start of our journey, we have invested in a German speaking salesperson on the ground to build our pipeline.
- We are seeing strong momentum in North America, the largest promotions and loyalty market in the world, and have a direct sales team of 9 as well as a partnership with Neptune Retail Solutions to address the significant CPG promotions market.
- In APAC, the fastest growing loyalty market in the world, we now have a good presence in Australia, New Zealand, and Singapore.

In order to capitalise on this increased presence and opportunity, we increased investment in marketing activities in the Period, attending more trade shows than before, as it is becoming increasingly evident that they are an effective way to meet new prospects as well as advance existing discussions. For the first time we exhibited at Groceryshop in Las Vegas and Tech for Retail in Paris, introducing Eagle Eye to Untie Nots' clients in France as well as meeting potential French prospects. Post Period end, we attended a number of high-profile retail events including FMI in January 2024, increasing our profile in front of top North American retailers, and EuroCIS in February 2024, meeting with leading German and European prospects. We exhibited at NRF in January 2024, the world's largest retail trade show, where we doubled the number of prospects from the previous year and launched EagleAI. The Group is also planning to attend NRF Singapore for the first time later this year.

Our increased international presence, expanded offering, growing international direct sales and marketing activities, and continued support from our Google partnership has contributed to an increase in the number of opportunities entering our sales pipeline, the value of which is 2.5x larger than a year ago.

4. "Better, Simpler, Cheaper"

While investing in innovation and growing the business, we simultaneously look for inherent productivity and efficiencies coming from the scale of what we do. We have developed a proven business model to grow our EBITDA margin whilst also investing, as we 'Win', in sales & marketing and enhancements to the product to generate new opportunities for growth. The success of this approach can be seen in our growing EBITDA margin, which reached 24.4% in the Period.

Our people costs, net of capitalisation, represent 61% of the operating costs of the business in the Year (H1 FY23: 55%) and we recognise they are our biggest asset. We will see further cost base expansion in the second half, largely as a result of salary increases, which is supported by our model.

We continue to follow our stated model of investing c.30p back into the growth of the business for every £1 of new win (c.50p representing the cost of running the business). In the Period, we invested 16% of revenue into product development (H1 FY23: 15%) and 10% into sales and marketing activity (H1 FY23: 8%), delivering an overall Group EBITDA margin of 24.4%.

5. M&A

It has now been a year since the successful acquisition of Untie Nots, a high-growth SaaS company that enables retailers to develop highly personalised, profitable, and gamified promotions at scale, strengthening the opportunity for both businesses by providing an additional channel for growth and increased cross-sale opportunities, as well as bringing valuable AI capabilities into the business.

The successful acquisition of Untie Nots demonstrates the benefits Eagle Eye can bring to other businesses looking to scale and the Group continues to assess the market for earnings enhancing acquisition opportunities as part of its growth strategy. We have a proven, strong organic growth strategy that is enabling us to deliver in line with our Rule of 40+ objective and any future M&A can be considered as a lever for accelerating us towards our vision to be a £100m revenue business plus 25% EBITDA margin.

Our People

Creating value for our customers sits at the heart of Eagle Eye, which we believe is the foundation of our successful business. This value is created by the efforts of our Purple People who are guided by the Golden Rule: to treat people the way they want to be treated which is the guiding principle of behind the Group's world-class culture and what we believe is the very heart of personalisation. The strength of our Purple People and world class culture was recognised during the Period, as we moved up the rankings to 7th place in the UK's Best Companies to Work for and were named the 7th most innovative marketing technology company in the world in the recent TMW 100 awards, where we also received the prestigious Judges Pick accolade. These awards mark the continued successful embodiment of the Golden Rule as well as our market-leading products which enable retailers to treat their customers as they'd like to be treated through the power of personalisation. We continued to invest in the development of our employees with the roll out of our Purple Leaders bespoke training series globally during the Period and additional training at individual team member level, aligned with our Purple Pathways career development initiative. The Group's eNPS score, a metric assessing employees' job satisfaction, remains high indicating strong employee engagement as we focus on developing our people for the Group's next phase of growth.

Our ambition is to be the best company to work for and we will continue to focus on moving up the rankings as at Eagle Eye we strongly believe the best company to work for is the best company to work with.

During H2 we will focus on rolling out our Purple Playbook training series which is designed to embed our values further into the organisation to deliver on our ambition to be the best company to work for.

As previously announced, Malcolm Wall, Chair of Eagle Eye, retired from his position following the Group's AGM in November 2023. Malcolm has provided significant guidance to the business since Eagle Eye joined AIM in 2014, and I would like to thank him for his service and wish him all the very best for the future. Non-Executive Director, Anne de Kerckhove, has since assumed the Chair role, bringing a wealth of experience in the technology, media, and entertainment industries and in leading and advising high growth, international businesses. We are excited to have Anne on board, who has already contributed positively since joining.

Financial Review

Key Performance Indicators

Financial		H1 2024 £m		H1 2023 £m
Revenue		**24.1**		20.0
Recurring revenue				
AIR licence revenue	**£7.1m**	**30%**	£7.4m	37%
AIR transaction revenue	**£8.4m**	**35%**	£7.0m	34%
Untie Nots licence & transaction revenue	**£2.1m**	**9%**	–	-%
SMS transaction revenue	**£1.2m**	**4%**	£1.3m	7%
Total recurring revenue	**£18.8m**	**78%**	£15.7m	78%
Adjusted EBITDA[1]		**5.9**		4.7
Adjusted EBITDA[1] margin		**24.4%**		23.5%
Adjusted profit before tax[2]		**2.6**		1.7
Reported (loss)/profit before tax		**(0.4)**		0.9
Adjusted net cash[3]		**7.8**		5.7
Cash and cash equivalents excluding FY23 net placing proceeds		**9.0**		7.7
Short term borrowings		**(1.2)**		(2.0)
Net placing proceeds		**–**		6.7

Non-financial	H1 2024	H1 2023
Chargeable AIR redemption and interaction volumes	**2.6bn**	1.6bn
Long term contract customer churn by value	**1.2%**	0.0%

1 Adjusted EBITDA excludes share-based payment charges along with depreciation, amortisation, interest and tax from the measure of profit, along with costs of the acquisition of Untie Nots SAS in FY23
2 Profit before tax has been adjusted for the exclusion of amortisation on intangible assets recognised under IFRS 3 on the acquisition of Untie Nots and share-based payments
3 Adjusted net cash is cash and cash equivalents less borrowings and in H1 23 excludes Placing proceeds associated with the acquisition of Untie Nots which were paid out following completion on 3 January 2023

Revenue and gross profit

During the Period, the Group delivered continued revenue growth of 20% to £24.1m (H1 2023: £20.0m), particularly driven by growth in international revenues, including the impact of the acquisition of Untie Nots in 2023.

Revenue generated from recurring subscription fees and transactions over the network represented 78% (H1 2023: 78%) of total revenue for the Period. This recurring revenue increased by 20% to £18.8m (H1 2023: £15.7m) driven by higher transactional volumes across all regions. In the North American business, we saw growth with the major grocer won in association with Neptune. In the APAC region, growth was primarily driven by the full Period effect of transaction volume expansion of the Woolworths service. In EMEA, the continued expansion of loyalty by Asda as well as new client wins such as Morrisons and the acquisition of Untie Nots has had a positive effect on revenue for the half year Period. Growth in EMEA was dampened due to a UK grocery customer contract reaching the end of its lifecycle, which contributed to churn moving from 0.0% to 1.2% in the Period, a figure which remains incredibly low. Overall, AIR redemption and interaction volumes, a key measure of usage of the AIR platform, increased 65% from 1.6bn to 2.6bn.

Professional services revenue increased by 21% to £5.2m (H1 2023: £4.3m), driven by implementation support for the new customers secured in North America and Woolworths in APAC as they further expand their offering.

In the commoditised SMS market, revenue fell to £1.2m (H1 2023: £1.3m) due to continued inflationary cost headwinds in the SMS market and we anticipate this decline in revenue will accelerate in H2.

Under IFRS 15, a SaaS business will typically recognise revenue (including implementation revenue from professional services) over time. In some cases, this means implementation revenue is now recognised over the period the service is live. Therefore, during the period of implementation for a new client, no revenue will be recognised, although directly attributable associated costs are also deferred and spread over the same period, matching revenue and costs on a client-by-client basis. Revenue from professional services that has been deferred into future periods, but delivered and billed, was £6.0m at 31 December 2023 (31 December 2022: £4.3m).

The Group's Annual Recurring Revenue ("ARR"), which is our period exit rate for recurring subscription and transaction revenue (excluding SMS) plus any professional services contracted for more than 12 months hence and secured new wins, excluding any seasonal variations and lost contracts, increased by 26% to £35.4m (H1 2023: £28.1m). The growth rate is ahead of the recurring revenue growth rate of 23% due to the timing of growth in transactional revenue volumes through the Period, in particular with Asda, Leclerc and the US grocer won in association with Neptune.

The Group's Net Revenue Retention ("NRR") rate, which is the improvement in recurring revenue excluding new wins in the last 12 months and SMS remains strong at 120% (H1 2023: 127%) with the slight reduction reflecting the timing of new wins. Long-term contract customer churn by value remains low at 1.2% (H1 2023: 0.0%). This reflects the scale and breadth of our offering in meeting our customers' needs.

Gross profit grew 23% to £23.1m (H1 2023: £18.8m) with gross margin increasing to 96% (H1 2023: 94%). The change in gross margin reflects the reduction of the lower margin SMS business to 5% of Group revenue (H1 2023: 7%). Cost of sales includes the cost of sending SMS messages, revenue share agreements and outsourced bespoke development work. All internal resource costs are recognised within operating costs, net of capitalised development and contract costs.

Adjusted EBITDA and operating expenses

Adjusted EBITDA grew by 25% to £5.9m (H1 2023: £4.7m), due to revenue growth and continued control over net operating expenses, which increased in line with the increase in gross profit at 23%. To provide a better guide to the underlying business performance, adjusted EBITDA excludes share-based payment charges along with depreciation, amortisation, interest and tax from the measure of profit. In H1 2023 it also excludes costs incurred in relation to the acquisition of Untie Nots, completed on 3 January 2023.

The GAAP measure of operating loss before interest and tax was £(0.3)m (H1 2023: profit of £0.9m), the decrease reflecting amortisation of intangible assets recognised under IFRS 3 on the acquisition of Untie Nots of £1.1m and higher share-based payment charges of £1.8m (H1 2023: £0.9m) primarily due to a higher payout following FY23 performance.

Adjusted operating expenses increased to £17.3m (H1 2023: £14.1m) as the business has invested in line with our planned growth investment model. Headcount has risen from an average of 222 in FY 2023 to 258 at 31 December 2023, resulting in an increase in net staff costs, which represent 61% of adjusted operating costs (H1 2023: 55%) to £10.6m (H1 2023: £7.8m). The increase also reflects the impact of annual pay awards and performance related bonuses. IT infrastructure costs increased behind the 20% rate of recurring revenue growth, up 10% to £4.6m (H1 2023: £4.1m) as we benefitted from previous investment in the platform to enhance its speed, stability, and security. Work continues to optimise our infrastructure spend. Other operating costs (excluding those in H1 2023 related to the acquisition of Untie Nots), which are either discretionary or are not correlated to changes in revenue, were unchanged at £2.2m (H1 2023: £2.2m).

We have continued to invest in the Group's products where total spend in the Period was £3.8m (H1 2023: £3.1m). Capitalised product development costs were £1.1m (H1 2023: £1.1m) whilst amortisation of capitalised development costs was £1.2m (H1 2023: £1.0m). Contract costs (including costs to obtain contracts and contract fulfilment costs), recognised as assets under IFRS 15, were £2.1m (H1 2023: £1.3m) and amortisation of contract costs was £1.7m (H1 2023: £0.7m). This profile reflects the phasing of recognition of costs as we approach contract renewals for some of our major customers.

The Group continues to manage the business with the aim of at least achieving the Rule of 40+ (Revenue growth + Adjusted EBITDA margin = 40+), with an expectation that the Adjusted EBITDA margin achieved for the Group will be at least 20% on an annualised basis. In the Period our result versus this metric was 45.

Earnings per share

Net finance expenses were £0.07m (H1 2023: £0.03m) reflecting the partial utilisation of the Group's revolving credit facility, following the acquisition of Untie Nots in H2 2023 and the cost of the debt acquired with Untie Nots.

The tax charge of £0.1m (H1 2023: credit of £0.2m) reflects the improved profitability of operations internationally, offset by an R&D tax credit receivable in France. The Group reported a statutory loss after taxation of £0.4m (H1 2023: profit of £1.0m). Adjusted basic earnings per share improved to 8.63p (H1 2023: 7.17p) primarily reflecting the improvement in EBITDA. Adjusted basic earnings per share excludes the cost of amortisation of intangible assets recognised under IFRS 3 on the acquisition of Untie Nots and share-based payment charges from the reported measure of earnings per share. This measure provides a better guide to the underlying operating performance of the business.

Statement of financial position

The Group had net assets of £25.1m at the end of the Period (June 2023: £24.0m), with the increase driven by the operating performance of the business, offset by the impact of payments for annual bonuses and commission in H1 2024.

Cash and net debt

The Group ended the Period with adjusted net cash of £7.8m (H1 2023: £5.7m excluding funds raised for the acquisition of Untie Nots). The business moved to a cash outflow for the period of £0.9m excluding deferred consideration paid on the acquisition of Untie Nots (H1 2023: inflow of £2.1m excluding funds raised for the acquisition of Untie Nots), reflecting expected H1 working capital outflows (in particular in relation to performance related bonuses and commission for FY 2023) and a move to a net tax payment as our improved profitability in the UK means that a research and development tax credit is no longer received in cash. We expect the business to be cash generative in the second half of the year.

The Company has a £5.0m revolving credit facility with HSBC Innovation, against which it had drawn down £1.0m at 31 December 2023. Subsequent to the Period end this has been repaid in full and the Board does not expect any further requirement to use the facility for normal operations.

In the light of the economic environment and our increasing global customer base, we hedge elements of our foreign currency net receipts to ensure that the Group is protected from significant and sudden adverse movements in foreign currency exchange rates. There were no open hedges at 31 December 2023 (30 June 2023: none).

Outlook

We have entered the second half of the financial year with good momentum. Our sales pipeline has increased considerably versus this time last year, with EagleAI now accounting for 30% of the pipeline, demonstrating the strong interest in the product. As the wins previously announced go live, we will see continued growth in all areas of Win, Transact and Deepen revenue. Trading since the Period end has continued well, providing confidence in the delivery of another year of profitable growth, in line with the Board's expectations.

With a growing roster of customer success stories around the world, a fantastic team and powerful offering, we are confident in our ability to capture a growing share of the global loyalty market and deliver on our ambitions.

Tim Mason
Chief Executive Officer

CONSOLIDATED UNAUDITED INTERIM STATEMENT OF TOTAL COMPREHENSIVE INCOME

for the six months ended 31 December 2023

	Notes	Unaudited 6 months to 31 December 2023 £000	Unaudited 6 months to 31 December 2022 £000	Audited Year to 30 June 2023 £000
Continuing operations				
Revenue	3	**24,068**	20,015	43,074
Cost of sales		**(974)**	(1,172)	(2,091)
Gross profit		**23,094**	18,843	40,983
Operating expenses		**(23,491)**	(17,963)	(41,725)
Other income		**111**	–	122
Adjusted EBITDA[1]	5	**5,861**	4,703	8,789
Acquisition costs		**–**	(1,068)	(1,298)
Share-based payment charge		**(1,838)**	(888)	(2,426)
Depreciation and amortisation		**(4,309)**	(1,867)	(5,685)
Operating profit/(loss)		**(286)**	880	(620)
Finance income		**19**	–	30
Finance expense		**(88)**	(25)	(170)
(Loss)/profit before taxation for the financial period		**(355)**	855	(760)
Taxation		**(61)**	165	1,948
Profit after taxation for the financial year		**(416)**	1,020	1,188
Foreign exchange adjustments		**(344)**	(237)	(410)

	Notes	Unaudited 6 months to 31 December 2023 £000	Unaudited 6 months to 31 December 2022 £000	Audited Year to 30 June 2023 £000
Total comprehensive (loss)/profit attributable to the owners of the parent for the financial period		**(760)**	783	778
Earnings per share from continuing operations				
Basic	4	**(1.42)p**	3.84p	4.25p
Diluted	4	**(1.42)p**	3.38p	3.79p
Adjusted basic[2]	4	**8.63p**	7.17p	17.75p
Adjusted diluted[2]	4	**7.71p**	6.33p	15.80p

1 Adjusted EBITDA excludes share-based payment charge, depreciation, amortisation and the costs of the acquisition of Untie Nots from the measure of profit.

2 Adjusted earnings per share excludes amortisation of intangible assets recognised under IFRS 3 on the acquisition of Untie Nots and share-based payment charge from the measure of earnings per share.

CONSOLIDATED UNAUDITED INTERIM STATEMENT OF FINANCIAL POSITION

as at 31 December 2023

	Unaudited 31 December 2023 £000	Unaudited 31 December 2022 £000	Audited 30 June 2023 £000
Non-current assets			
Intangible assets	**18,816**	6,753	19,458
Contract fulfilment costs	**2,646**	2,126	2,562
Property, plant and equipment	**1,339**	774	1,444
Deferred taxation	**1,666**	127	1,626
	24,467	9,780	25,090
Current assets			
Trade and other receivables	**10,044**	12,902	11,085
Current tax receivable	**816**	444	762
Cash and cash equivalents	**9,003**	14,409	10,615
	19,863	27,755	22,462
Total assets	**44,330**	37,535	47,552
Current liabilities			
Trade and other payables	**(9,934)**	(13,827)	(14,252)
IFRS 15 deferred income	**(3,734)**	(2,228)	(3,086)
Current tax payable	**(40)**	–	(74)
Financial liabilities	**(1,125)**	(2,000)	(1,102)
	(14,833)	(18,055)	(18,514)

	Unaudited 31 December 2023 £000	Unaudited 31 December 2022 £000	Audited 30 June 2023 £000
Non-current liabilities			
IFRS 15 deferred income	**(2,256)**	(2,032)	(2,670)
Other payables	**(1,999)**	(436)	(2,131)
Financial liabilities	**(114)**	–	(197)
	(4,369)	(2,468)	(4,998)
Total liabilities	**(19,202)**	(20,523)	(23,512)
Net assets	**25,128**	17,012	24,040
Equity attributable to owners of the parent			
Share capital	**294**	278	293
Share premium	**29,934**	24,445	29,925
Merger reserve	**3,278**	3,278	3,278
Share option reserve	**8,697**	6,264	7,291
Retained losses	**(17,075)**	(17,253)	(16,747)
Total equity	**25,128**	17,012	24,040

CONSOLIDATED UNAUDITED INTERIM STATEMENT OF CHANGES IN EQUITY

for the six months ended 31 December 2023

	Share capital £000	Share premium £000	Merger reserve £000	Share option reserve £000	Retained losses £000	Total £000
Balance at 1 July 2022	264	17,685	3,278	5,549	(18,209)	8,567
Profit for the financial year	–	–	–	–	1,020	1,020
Other comprehensive income						
Foreign exchange adjustments	–	–	–	–	(237)	(237)
	–	–	–	–	783	783
Transactions with owners						
Issue of share capital	13	6,702	–	–	–	6,715
Exercise of share options	1	58	–	–	–	59
Fair value of share options exercised in the period	–	–	–	(173)	173	–
Share-based payment charge	–	–	–	888	–	888
	14	6,760	–	715	173	7,662
Balance at 31 December 2022	278	24,445	3,278	6,264	(17,253)	17,012

CONSOLIDATED UNAUDITED INTERIM STATEMENT OF CHANGES IN EQUITY CONTINUED

for the six months ended 31 December 2023

	Share capital £000	Share premium £000	Merger reserve £000	Share option reserve £000	Retained losses £000	Total £000
Profit for the period	–	–	–	–	168	168
Other comprehensive income						
Foreign exchange adjustments	–	–	–	–	(173)	(173)
	–	–	–	–	(5)	(5)
Transactions with owners						
Issue of share capital	9	5,446	–	–	–	5,455
Issue costs	–	(285)	–	–	–	(285)
Exercise of share options	6	319	–	–	–	325
Fair value of share options exercised	–	–	–	(511)	511	–
Share-based payment charge	–	–	–	1,538	–	1,538
	15	5,480	–	1,027	511	7,033
Balance at 30 June 2023	293	29,925	3,278	7,291	(16,747)	24,040
Loss for the period	–	–	–	–	(416)	(416)
Other comprehensive income						
Foreign exchange adjustments	–	–	–	–	(344)	(344)
	–	–	–	–	(760)	(760)
Transactions with owners						
Exercise of share options	1	9	–	–	–	10
Fair value of share options exercised in the period	–	–	–	(432)	432	–
Share-based payment charge	–	–	–	1,838	–	1,838
	1	9	–	1,406	432	1,848
Balance at 31 December 2023	**294**	**29,934**	**3,278**	**8,697**	**(17,075)**	**25,128**

Included in “retained losses” is a cumulative foreign exchange loss of £68,000 (June 2023: £103,000).

CONSOLIDATED UNAUDITED INTERIM STATEMENT OF CASH FLOW

for the six months ended 31 December 2023

	Unaudited 6 months to 31 December 2023 £000	Unaudited 6 months to 31 December 2022 £000	Audited Year to 30 June 2023 £000
Cash flows from operating activities			
(Loss)/profit before taxation	**(355)**	855	(760)
Adjustments for:			
Depreciation	**336**	187	487
Amortisation	**3,974**	1,680	5,198
Share-based payment charge	**1,838**	888	2,426
Finance income	**(19)**	–	(30)
Finance expense	**88**	25	170
Decrease/(increase) in trade and other receivables	**814**	(3,049)	(3)
(Decrease)/increase in trade and other payables	**(3,173)**	4,144	3,850
Income tax paid	**(189)**	(56)	(56)
Income tax received	**–**	426	960
Net cash flows from operating activities	**3,314**	5,100	12,242
Cash flows from investing activities			
Payments to acquire property, plant and equipment	**(128)**	(277)	(171)
Payments to acquire intangible assets	**(3,467)**	(2,462)	(5,444)
Acquisition of Untie Nots, net of cash and cash equivalents acquired	**(654)**	–	(6,347)
Net cash flows used in investing activities	**(4,249)**	(2,739)	(11,962)

	Unaudited 6 months to 31 December 2023 £000	Unaudited 6 months to 31 December 2022 £000	Audited Year to 30 June 2023 £000
Cash flows from financing activities			
Net proceeds from issue of equity	**10**	6,774	7,097
Proceeds from borrowings	**–**	2,000	2,000
Repayment of borrowings	**(60)**	–	(1,627)
Capital payments in respect of leases	**(262)**	(96)	(217)
Interest paid in respect of leases	**(44)**	(11)	(31)
Interest received	**19**	–	4
Interest paid	**(44)**	(14)	(113)
Net cash flows from financing activities	**(381)**	8,653	7,113
Net (decrease)/increase in cash and cash equivalents in the period	**(1,316)**	11,014	7,393
Foreign exchange adjustments	**(296)**	(237)	(410)
Cash and cash equivalents at beginning of period	**10,615**	3,632	3,632
Cash and cash equivalents at the beginning of the period	**9,003**	14,409	10,615

NOTES TO THE CONSOLIDATED UNAUDITED INTERIM FINANCIAL STATEMENTS

1. Basis of preparation

The Group's half-yearly financial information, which is unaudited, consolidates the results of Eagle Eye Solutions Group plc and its subsidiary undertakings up to 31 December 2023. The Group's accounting reference date is 30 June. Eagle Eye Solutions Group plc's shares are listed on AIM, the market of that name operated by the London Stock Exchange.

The Company is a public limited liability company incorporated and domiciled in England & Wales. The presentational and functional currency of the Group is Sterling. Results in this consolidated financial information have been prepared to the nearest £1,000.

Eagle Eye Solutions Group plc and its subsidiary undertakings have not applied IAS 34, Interim Financial Reporting, which is not mandatory for UK AIM listed groups, in the preparation of this half-yearly financial report.

The accounting policies used in the preparation of the financial information for the six months ended 31 December 2023 are in accordance with the recognition and measurement criteria of International Financial Reporting Standards ('IFRS') as adopted by the European Union and are consistent with those which will be adopted in the annual financial statements for the year ending 30 June 2024.

The profit before interest, tax, depreciation, amortisation and share-based payment charge is presented in the statement of total comprehensive income as the Directors consider this performance measure provides a more accurate indication of the underlying performance of the Group and is commonly used by City analysts and investors.

While the financial information included has been prepared in accordance with the recognition and measurement criteria of IFRS, as adopted by the European Union, these interim financial statements do not contain sufficient information to comply with IFRS.

The comparative financial information for the year ended 30 June 2023 has been extracted from the annual financial statements of Eagle Eye Solutions Group plc. These interim results for the period ended 31 December 2023, which are not audited, do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. The financial information does not therefore include all of the information and disclosures required in the annual financial statements.

Full audited accounts of the Group in respect of the year ended 30 June 2023, which received an unqualified audit opinion and did not contain a statement under section 498(2) or (3) of the Companies Act 2006, have been delivered to the Registrar of Companies.

2. Going concern basis

As part of their going concern review the Directors have followed the guidelines published by the Financial Reporting Council entitled "Guidance on Risk Management and Internal Control and Related Financial and Business Reporting". The Directors have prepared detailed financial forecasts and cash flows looking beyond 12 months from the date of this half-yearly financial information. In developing these forecasts, the Directors have made assumptions based upon their view of the current and future economic conditions that will prevail over the forecast period.

On the basis of the above projections, the Directors are confident that the Group has sufficient working capital to honour all of its obligations to creditors as and when they fall due. In reaching this conclusion, the Directors have considered the forecast cash headroom, the resources available to the Group and the potential impact of changes in forecast growth and other assumptions, including the potential to avoid or defer certain costs and to reduce discretionary spend as mitigating actions in the event of such changes. Accordingly, the Directors continue to adopt the going concern basis in preparing this half-yearly financial information.

3. Segmental analysis

The Group is organised into one principal operating division for management purposes. Revenue is analysed as follows:

	Unaudited 6 months to 31 December 2023 £000	Unaudited 6 months to 31 December 2022 £000	Unaudited Year to 30 June 2023 £000
Development and set up fees	**5,240**	4,321	8,563
Subscription and transaction fees	**18,828**	15,694	34,511
	24,068	20,015	43,074

	Unaudited 6 months to 31 December 2023 £000	Unaudited 6 months to 31 December 2022 £000	Unaudited Year to 30 June 2023 £000
AIR revenue	**20,803**	18,697	38,440
Untie Nots revenue	**2,109**	–	2,212
Messaging revenue	**1,156**	1,318	2,422
	24,068	20,015	43,074

The majority of the Group's revenue comes from services which are transferred over time.

4. Earnings per share

The calculation of basic earnings per share is based on the result attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue during the period. The calculation of diluted earnings per share is based on the result attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue during the period, diluted for the effect of options being converted to ordinary shares. The adjusted measures exclude the cost of amortisation of intangible assets recognised under IFRS 3 on the acquisition of Untie Nots and share-based payment charges from the reported basic and diluted measures of earnings per share. Basic and diluted earnings per share from continuing operations are calculated as follows:

	2024			2023		
	Unaudited H1 2024 Earnings per share pence	Unaudited H1 2024 (Loss)/ Profit £000	Unaudited H1 2024 Weighted average number of ordinary shares	Unaudited H1 2023 Earnings per share pence	Unaudited H1 2023 Profit £000	Unaudited H1 2023 Weighted average number of ordinary shares
Basic (loss)/ earnings per share	**(1.42)**	**(416)**	**29,281,665**	3.84	1,020	26,595,355
Diluted (loss)/ earnings per share	**(1.42)**	**(416)**	**32,792,651**	3.38	1,020	30,146,994
Adjusted basic earnings per share	**8.63**	**2,528**	**29,281,665**	7.17	1,908	26,595,355
Adjusted diluted earnings per share	**7.71**	**2,528**	**32,792,651**	6.33	1,908	30,146,994

5. Alternative performance measure

Adjusted EBITDA is a key performance measure for the Group and is derived as follows:

	Unaudited 6 months to 31 December 2023 £000	Unaudited 6 months to 31 December 2022 £000	Unaudited Year to 30 June 2023 £000
(Loss)/profit before taxation	(355)	855	(760)
Add back:			
Costs associated with acquisition of Untie Nots	–	1,068	1,298
Finance income and expense	69	25	140
Share-based payments	1,838	888	2,426
Depreciation	336	187	487
Amortisation of intangible assets recognised under IFRS 3 on the acquisition of Untie Nots	1,106	–	1,344
Other amortisation	2,867	1,680	3,854
Adjusted EBITDA	5,861	4,703	8,789

EBITDA has been adjusted to exclude share-based payment charges along with depreciation, amortisation, interest and tax from the measure of profit, along with costs of the acquisition of Untie Nots in FY23.

6. Adjusted net cash

	30 June 2023 £000	Cash flow £000	Foreign exchange adjustments £000	31 December 2023 £000
Cash and cash equivalents	10,615	(1,316)	(296)	9,003
Financial liabilities	(1,299)	60	–	(1,239)
Adjusted net cash	9,316	(1,256)	(296)	7,764

7. Availability of this Interim Announcement

Copies of this announcement are available on the Company's website, www.eagleeye.com.

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