23 January 2020

Actual Experience plc
(the "Group", the "Company" or "Actual Experience")

Preliminary Results

Actual Experience plc (AIM: ACT), the analytics-as-a-service company, is pleased to announce its preliminary results for the year ended 30 September 2019.

Highlights

- Revenue increased 79% to £1.93m (2018: £1.08m), largely as a result of the annualisation of the two large customer engagements secured in the prior year
- Reduction in loss for the year to £5.91m (2018: loss of £7.21m)
- Signing of two new 'land and expand' type customer engagements, signalling progress with our managed service offerings based on our analytics
- Successful evaluation by Vodafone of the deployment of our digital user software on their Universal Customer Premises Equipment (uCPE) hardware
- Expansion of an open purchase order ("PO") from one of our Channel Partners, following their confidence in our ability to deliver at scale and provide tangible benefits to their customers
- Completion of £3m Placing in July 2019, to support ongoing Channel Partner development.
- Active discussions towards partnership with potential new partners

Post-period end

- Partner led change of our go-to-market strategy from a managed services to a professional services approach, in order to initiate quicker and broader customer engagements

Dave Page, CEO of Actual Experience plc, said: *"We have been working hard for over ten years to reach this point and to move into our next chapter of growth. The growing awareness of Actual Experience in the market, resulting in enquiries from potential new partners, and the acceleration of activity at Verizon in particular, along with the continual alignment of our business towards the professional services offerings of our partners, means that we head into 2020 with optimism for the potential of the year ahead."*

Enquiries:

Actual Experience plc	via Alma PR
Dave Page, Chief Executive Officer	
Steve Bennetts, Chief Financial Officer	
N+1 Singer Advisory LLP	Tel: +44 (0)207 496 3000
Shaun Dobson	
Lauren Kettle	
Alma PR	
Caroline Forde, Josh Royston, Helena Bogle	Tel: +44 (0)203 405 0205

About Actual Experience
Actual Experience's goal is to significantly improve the performance of the digital world.

The Company enables its partners to optimise their customers' digital ecosystem to increase productivity and enhance brand experiences through Human Experience Management.

Developed from 10 years of academic research and three patents, the Company's Human Experience Management Services, reports on the human experience of a digital service. The Company's service provides organisations with information on where the changes need to be made to ensure optimum levels of digital experience for customers and employees. This enables them to recover lost productivity, protect their brand reputation and make informed investment decisions.

Actual Experience is listed on the London Stock Exchange (AIM: ACT). Our corporate headquarters is in Bath, UK. Actual Experience's unique and patented digital analytics-as-a-service is founded on cutting-edge research at Queen Mary University of London.

For further information please visit www.actual-experience.com

Chairman's Statement

As we closed out the 2018 Financial Year, we did so with a sense that our Financial Year 2019 (FY19), the year we are reporting on, would mark an inflection point for Actual Experience. We had secured our first two significant customer deployments and were experiencing growing momentum with our Channel Partners. We had proven the potential of our unique technology and had invested in our operations, infrastructure and capabilities to be able to implement and support significant deployments at scale.

While there were successes through FY19, including the signing of two new 'land and expand' type customer engagements and Vodafone's successful evaluation of the deployment capability of our digital user software onto their uCPE devices, it would take another year of detailed discussions with our Channel Partners for us to jointly find the optimal 'recipe' to target their extensive customer bases. As we enter FY20, we believe that we now have the right go-to-market strategy to drive greater new customer wins via our Channel Partners.

This new approach shifts initial customer engagement from IT-focused managed service offerings, in which our analytics were predominantly used by the IT division within a business, to a more business oriented Professional Services approach, targeting the leadership teams within enterprises.

We believe our analytics will be used to deliver paid-for impactful 1-3 month analysis of an organisation's digital ecosystem, quantifying the time lost to the enterprise through poor human experience associated with their digital offerings and infrastructure. The resulting short, high impact reports provide a compelling business case for progression onto identifying ongoing digital improvement opportunities, following our existing recurring AaaS revenue model. This new approach aims to shorten sales cycles, grow our applicability and deliver value to customers significantly faster.

Financials and cash

The Company continued to make financial progress in the year. Revenue for the 12 months increased 79% to £1.93m (FY18: £1.08m), largely as a result of the annualisation of the two large customer engagements secured in the prior year. The Company exited the year with Annualised Recurring Revenues ("ARR") of £2.0m (FY18: £1.6m). Cash as at 30 September 2019 was £7.9m (FY18: £10.8m).

Shareholders and Placing

We are grateful for the ongoing support of our investors. The Placing in July 2019 has extended the period in which we have the ability to support the future potential development of the Partner channel.

The results being achieved by our Partners and their end customers in terms of improved human experience, are being noted within the broader market. This is generating a number of enquiries and we are in active discussions with potential additional partners. This growing awareness of Actual Experience and our Human Experience Management capability bodes well for the future and the funds from the Placing, combined with the work we have carried out to refine our Partner go-to-market strategy, mean we have the ability to support new Partners as soon as they are signed.

People

Actual Experience continued to welcome many talented individuals to the Company through the course of the year. On behalf of the Board, I would like to take this opportunity to thank our staff in both the UK and US for their dedication to the business. Their hard work is the foundation of our success.

Outlook

We are actively seeking new business opportunities and progressing discussions with our existing Partners. While the extension of current contracts and the timing of new contracts remains uncertain,

these discussions are well progressed and are expected to result in additional new revenue for the Group. Furthermore, the Group is proactively restructuring the business to align itself with the evolved sales model, which will result in a reduction of the cost base over the next 12 months as well as delivering operational efficiencies. The anticipated revenue growth and reduction in the cost base will ensure that the Group maintains sufficient liquidity to meet its ongoing needs. The Financial Review gives further comment on the liquidity position.

We believe the opportunity for Actual Experience remains significant. We have no direct competitors, successful customer deployments, a significant market opportunity and the Partners with which to address it, together with a broadening route to market. Consequently, the Board believes we have the ability to become a significant global player in the market for Human Experience Management and hopes to report further successes to you later this year.

Stephen Davidson
Chairman

Chief Executive's Statement

The 2019 financial year saw the business secure notable commercial milestones, giving us confidence in our technology and that we are heading towards successful commercialisation and revenue acceleration. However, the real progress in the year has been the pivot in our partners thinking. This has resulted in a partner led change to our sales model from managed services to professional services as a way of initiating quicker and broader customer engagements.

In close conjunction with our Channel Partners we have sought to evolve our technology offering and service proposition. Our messaging and solution is more sharply focused on the negative impact of sub-optimal Human Experience on brand and productivity. Instead of interacting only with the IT departments, the professional service offerings target business leaders with insight into the cost to their business of poor Human Experience.

While there has been some frustration both for us and our Partners at the time it has taken to convert their sales pipelines, we believe the launch of our Partners' professional services offerings will shorten sales and deployment cycles, deliver value to customers significantly faster and provide a scalable means of addressing both the enterprise and mid-tier markets.

Link between Human Experience and Productivity

We have been able to establish a link between our proprietary Human Experience scores and the amount of time an employee wastes each day waiting for business applications to respond. Wasted employee time can be readily converted to wasted payroll, providing a clear financial measure as to the cost of poor human experience. Typically one to three percent of a company's payroll is used to pay staff to do nothing; by way of an example, recent analysis of two blue chip businesses produced wasted payroll numbers of $139m and $400m respectively. Now, by offering to audit a company's digital business, our partners can rapidly produce a wasted payroll estimate, which can establish the business case for ongoing work to improve human experience and recover lost employee time and wasted payroll. This Human Experience audit capability has been the catalyst for the transformation of our relationships with Verizon and other active and potential partners.

Important Commercial Milestones in 2019

We received a new open purchase order ("PO") from one of our Channel Partners in February 2019. This PO was in addition to the orders received in 2017 and 2018. The expansion of the Open PO was encouraging and confirmation that our Channel Partner is confident in our ability to deliver at scale and provide tangible benefit to their customers.

We were pleased to secure two significant 'Land & Expand' deployments through the course of the year. Our Channel Partners' customers are typically large global blue-chip enterprises. These opportunities tend to start small and grow to full scale within two years, with the potential to deliver revenues in the order of $500,000 per annum per customer to the Company. One of these deployments has already started to expand, thereby providing good strategic validation. These deployments represent satisfying progress with managed service offerings based on our analytics. We do, however, expect the new professional services offerings to contribute to an acceleration of deals and revenue in 2020 and beyond.

We were delighted to announce the major milestone of the successful evaluation by Vodafone of our product. Vodafone assessed the deployment capability of our product on Universal Customer Premises Equipment (uCPE). This means that our product can be quickly deployed if a customer has a uCPE device installed.

Sales and Marketing

As our partners develop their relationships with us over time, our engagement approach had naturally shifted from business development to sales. 2019 has seen the most significant changes in our sales personnel and processes in the history of our Company. Positively, this reflects the broadening and

accelerating nature of certain key partnerships. Typically, when we employ salespeople to work with one of our partners, we expect them to have worked in sales at that partner or to have spent time selling software to that partner. Equally, in terms of process, as the number of pipeline opportunities increases, we have matched this with a rigorous sales culture. We have been supported in this endeavour by Duncan Mitchell who was until recently Senior Vice President at Cisco Systems.

Product Development

By focusing on simplification and automation, we are continuously reducing the level of skill required to deploy and use our Analytics-as-a-Service (AaaS), thus enabling Channel Partners' to deploy our technology more easily, at larger scale, quicker, and to address mid-sized customers.

We are also focused on enabling our technology to be integrated into hardware, software and other Partner offerings. Over time, this means that our technology can be included as part of the delivery of a Partner's own products and services to its customers. Because our technology can improve the human experience of arguably any digital service offering from our Partners, that ability to be built into these offerings means that a Partner could address most if not all its customers with our value propositions. This has clear and exciting implications for our ability to address a significant amount of the global digital economy.

Current trading and outlook

We have been working hard for over ten years to reach this point and to move into our next chapter of growth. The growing awareness of Actual Experience in the market, resulting in enquiries from potential new partners, and the acceleration of activity at Verizon in particular, along with the continual alignment of our business towards the professional services offerings of our partners, means that we head into 2020 with optimism for the potential of the year ahead.

Dave Page
Chief Executive Officer

Financial Review

Financial Review

Revenue recognised in the year ended 30 September 2019 was £1,934,082 (2018: £1,076,463) and relates to the supply of analytical services and associated consultancy activities to customers.

99% of revenue was derived from sales to Channel customers (2018: 95%) with the balance arising from direct sales. This high percentage reflects the Group's strategic focus on generating revenue growth from its Channel Partners.

Gross profit

The gross profit for the year was £790,966, a significant improvement from the prior year (2018: loss of £88,645). This reflects the inherent scalability of our business model as well as improved operational efficiency as the Group continues to provide full support to its Channel Partners.

Expenses

Administrative expenses comprising R&D, operational support, sales and marketing, finance and administration costs, and foreign exchange gains and losses, totalled £7,050,417, a decrease of £243,055 compared to the prior year. This decrease reflects the focus on effective management of the Group's expense base, as well as greater operational efficiencies. Personnel costs continue to be the largest expense and represent approximately 81% of the Group's cost base. The functional cost breakdown is as follows;

Administrative Expenses	**2019 £**	2018 £
Research and development	**2,546,368**	2,555,825
Operational support	**1,112,153**	1,120,428
Sales and marketing	**2,403,106**	2,559,403
Finance and administration	**1,066,049**	1,101,868
Foreign exchange gains	**(77,259)**	(44,052)
Total	**7,050,417**	7,293,472

Tax

The tax credits recognised in the current and previous financial year arose from the accrual of R&D tax credits.

Loss for the year

Losses after tax totalled £5,911,950 (2018: loss of £7,211,796). This reduction in losses is the result of significantly higher revenues and a decrease in administrative expenses, which reflects a continuing focus on rigorous expense management as well as operational efficiencies.

Loss per share

The loss per share for the year was 13.04p (2018: loss per share of 16.08p). The reduction in loss per share reflects the decrease in total comprehensive loss for the year as well as an increase in the weighted average number of ordinary shares in issue.

Dividend

No dividend has been proposed for the year ended 30 September 2019 (2018: £nil).

Cash flow

We are investing in the growth of our operations to address what we believe to be a significant commercial opportunity and our cash flow from operations was therefore negative during the year ended 30 September 2019, and in line with expectations.

The Group's costs are mostly operating related, with very little investment required for capital infrastructure. Cash used by operating activities was £4,418,091 for the year, compared to cash used of £6,433,222 for the year ended 30 September 2018, with the improvement reflecting the reduction in losses. This operating cash requirement was substantially funded by cash reserves, which were augmented by net proceeds of £2,782,833 from the July 2019 Placing. The Group ended the year with cash totalling £7,876,634 (2018: £10,776,516).

Free cash flow for the year was £(5,629,771) (2018: £(7,629,560)). Free cash flow is defined as net cash flows used in operating activities, plus development of intangible assets, plus purchase of property, plant, and equipment.

Software development capitalisation

The Directors believe that the software development capitalisation criteria in IAS38 have been met and accordingly development costs, net of amortisation charges, of £1,792,465 have been capitalised as at 30 September 2019 (2018: £1,579,227).

Accounting policies

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards. The Group's significant accounting policies have been applied consistently throughout the year.

Principal risks and uncertainties and going concern

As in previous years the Group has continued to utilise its cash resources to fund losses whilst the sales pipeline is being established. The cash balance as at 30 September 2019 was £7.9m which will provide the Group with sufficient resources to meets its liquidity requirements for the next 18 months, based on its current forecast of sales growth and cost efficiencies.

We are actively seeking new business opportunities and progressing discussions with our existing Partners. As at year end, the extension of current revenue contracts and the timing of new revenue contracts remains uncertain. However, the discussions are well progressed and are expected to result in additional new revenue for the Group. Furthermore, the Group is also proactively restructuring the business to align itself with the evolved sales model which will result in a reduction of the cost base over the next 12 months as well as operational efficiencies. The revenue growth and reduction in the cost base will ensure that there is sufficient liquidity for the Group's needs.

After making appropriate enquiries and considering the assumptions and uncertainties described above, the Directors consider that it is appropriate to adopt the going concern basis in preparing the consolidated financial statements. Accordingly, the financial statements do not include any adjustments which would be required if the going concern basis of preparation was deemed to be inappropriate. However, if the Group is unable to deliver the proposed revenue growth and cost reductions, it would give rise to a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

Key performance indicators

As the Group is in the process of development and commercialisation of its services, the Directors consider the key quantitative performance indicators to be sales revenues of £1,934,082 (2018: £1,076,463) and the level of cash held in the business of £7,876,634 (2018: £10,776,516). The Board performs regular reviews of actual results against budget, and management monitors cash balances on a monthly basis to ensure that the business has sufficient resources to enact its current strategy. Certain non-financial measures, such as the number of active customers and deployed Digital Users,

are monitored on a monthly basis. The Board will continue to review the KPIs used to assess the business as it grows.

Steve Bennetts
Chief Financial Officer

Financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 September 2019

	Note	**2019** **£**	2018 £
REVENUE	2	**1,934,082**	1,076,463
Cost of sales		**(1,143,116)**	(1,165,108)
GROSS PROFIT/(LOSS)		**790,966**	(88,645)
Administrative expenses		**(7,050,417)**	(7,293,472)
OPERATING LOSS	4	**(6,259,451)**	(7,382,117)
Finance income		**54,235**	89,061
Finance expense		**(34,687)**	—
Finance income – net		**19,548**	89,061
LOSS BEFORE TAX		**(6,239,903)**	(7,293,056)
Tax	5	**327,953**	81,260
LOSS FOR THE YEAR		**(5,911,950)**	(7,211,796)
Other comprehensive expense:			
Items that may be reclassified to profit or loss:			
Foreign currency difference on translation of overseas operations		**(7,241)**	(29,951)
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR		**(5,919,191)**	(7,241,747)
LOSS PER ORDINARY SHARE			
Basic and diluted	6	**(13.04)p**	(16.08)p

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 30 September 2019

	Share capital £	Share Premium £	Accumulated losses £	Total equity £
At 1 October 2017	89,522	31,808,130	(11,839,635)	20,058,017
Loss for the year	—	—	(7,211,796)	(7,211,796)
Other comprehensive expense for the year	—	—	(29,951)	(29,951)
Total comprehensive expense for the year	—	—	(7,241,747)	(7,241,747)
Issue of shares	283	119,883	—	120,166
Share-based payment expense	—	—	177,413	177,413
At 30 September 2018	89,805	31,928,013	(18,903,969)	13,113,849
At 30 September 2018 – as previously presented	89,805	31,928,013	(18,903,969)	13,113,849
Change of accounting policy	—	—	(55,221)	(55,221)
Restated total equity at 1 October 2018	**89,805**	**31,928,013**	**(18,959,190)**	**13,058,628**
Loss for the year	**—**	**—**	**(5,911,950)**	**(5,911,950)**
Other comprehensive expense for the year	**—**	**—**	**(7,241)**	**(7,241)**
Total comprehensive expense for the year	**—**	**—**	**(5,919,191)**	**(5,919,191)**
Issue of shares	**4,444**	**2,995,557**	**—**	**3,000,001**
Expenses of share issue	**—**	**(217,168)**	**—**	**(217,168)**
Share-based payment expense	**—**	**—**	**83,199**	**83,199**
At 30 September 2019	**94,249**	**34,706,402**	**(24,795,182)**	**10,005,469**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 September 2019

	Note	**2019**	2018
		£	£
ASSETS			
Non-current assets			
Property, plant and equipment		**140,806**	250,250
Right-of-use assets		**894,398**	—
Intangible assets	8	**1,792,465**	1,579,227
TOTAL NON-CURRENT ASSETS		**2,827,669**	1,829,477
Current assets			
Trade and other receivables		**681,670**	684,578
Income tax receivable	5	**296,866**	735,634
Cash and cash equivalents	7	**7,876,634**	10,776,516
TOTAL CURRENT ASSETS		**8,855,170**	12,196,728
TOTAL ASSETS		**11,682,839**	14,026,205
LIABILITIES			
Non-current liabilities			
Deferred tax	5	**(14,317)**	(26,863)
Lease liabilities		**(866,134)**	—
TOTAL NON-CURRENT LIABILITIES		**(880,451)**	(26,863)
Current liabilities			
Trade and other payables		**(689,426)**	(885,493)
Lease liabilities		**(107,493)**	—
TOTAL CURRENT LIABILITIES		**(796,919)**	(885,493)
TOTAL LIABILITIES		**(1,677,370)**	(912,356)
NET ASSETS		**10,005,469**	13,113,849
EQUITY			
Share capital		**94,249**	89,805
Share premium		**34,706,402**	31,928,013
Accumulated losses		**(24,795,182)**	(18,903,969)
TOTAL EQUITY		**10,005,469**	13,113,849

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 30 September 2019

	Note	**2019** **£**	2018 £
Cash flows from operating activities			
Loss before income tax		**(6,239,903)**	(7,293,056)
Adjustments for:			
Depreciation of property, plant and equipment		**125,136**	138,422
Depreciation of right-of-use assets		**111,788**	—
Amortisation	8	**982,808**	844,898
Loss on disposal of property, plant and equipment		**—**	522
Non-cash employee benefits expense – share-based payments		**83,199**	177,413
Finance income – net		**(19,548)**	(89,061)
Operating cash outflow before changes in working capital		**(4,956,520)**	(6,220,862)
Increase in trade and other receivables		**(2,446)**	(173,317)
(Decrease)/increase in trade and other payables		**(213,300)**	58,110
Cash used in operations		**(5,172,266)**	(6,336,069)
Income taxes received/(paid)		**754,175**	(97,153)
Net cash flows used in operating activities		**(4,418,091)**	(6,433,222)
Cash flows from investing activities			
Development of intangible assets	8	**(1,196,046)**	(1,157,864)
Purchases of property, plant and equipment		**(15,634)**	(38,474)
Transfers to term deposits with more than 3 months maturity		**—**	5,000,000
Finance income		**54,235**	89,061
Net cash (outflow)/inflow from investing activities		**(1,157,445)**	3,892,723
Cash flows from financing activities			
Proceeds from issue of share capital, net of costs		**2,782,833**	120,166
Principal element of lease payments		**(138,630)**	—
Inflow/Outflow to Employee Benefit Trust		**27,101**	(18,000)
Net cash inflow from financing activities		**2,671,304**	102,166
Decrease in cash and cash equivalents		**(2,904,232)**	(2,438,333)
Effect of exchange rate fluctuations on cash held		**4,350**	4,999
Cash and cash equivalents at start of year		**10,776,516**	13,209,850
Cash and cash equivalents at end of year	7	**7,876,634**	10,776,516

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 September 2019

1 Basis of preparation

Actual Experience plc is a public limited company domiciled in the United Kingdom and incorporated in England. The Company's registered office is Quay House, The Ambury, Bath, BA1 1UA.

The financial information on pages 10 to 13 is extracted from the Group's consolidated financial statements for the year ended 30 September 2019, which were approved by the Board of Directors on 22 January 2020.

The financial information does not constitute statutory accounts within the meaning of sections 434(3) and 435(3) of the Companies Act 2006 or contain sufficient information to comply with the disclosure requirements of International Financial Reporting Standards (IFRS) and related interpretations as adopted for use in the European Union.

The Group's auditors, PricewaterhouseCoopers LLP, have given an unqualified audit opinion on the consolidated financial statements for the year ended 30 September 2019. The auditors' report included an emphasis of matter on going concern which the auditors drew attention without qualifying their report. The consolidated financial statements will be filed with the Registrar of Companies, subject to their approval by the Company's shareholders on 12 March 2020 at the Company's Annual General Meeting.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, the interpretations of International Financial Reporting Interpretations Committee (IFRIC) and the Companies Act 2006 applicable to companies reporting under IFRS. Whilst the financial information included in this preliminary announcement has been prepared in accordance with International Financial Reporting Standards (IFRS), this announcement does not contain sufficient information to comply with IFRS. The accounting policies used in the preparation of these audited financial statements are consistent with those used in the preparation of the audited financial statements for the year ended 30 September 2018, as described in those financial statements, except where newly applicable accounting standards apply. New standards or interpretations which came into effect for the current reporting period, including IFRS 15 "Revenue from contracts with customers" and IFRS 9 "Financial Instruments", did not have a material impact on the net assets or results of the Group. The Group has elected to adopt IFRS 16 "Leases" earlier than required, as permitted by the IASB, and adopted the new rules retrospectively but recognised the cumulative effect of initially applying the new standard on 1 October 2018.

Going concern

As in previous years the Group has continued to utilise its cash resources to fund losses whilst the sales pipeline is being established. The cash balance as at 30 September 2019 was £7.9m which will provide the Group with sufficient resources to meets its liquidity requirements for the next 18 months, based on its current forecast of sales growth and cost efficiencies.

The Group is actively seeking new business opportunities and progressing discussions with its existing Partners. As at year end, the extension of current revenue contracts and the timing of new revenue contracts remains uncertain. However, the discussions are well progressed and are expected to result in additional new revenue for the Group. Furthermore, the Group is also proactively restructuring the business to align itself with the evolved sales model which will result in a reduction of the cost base over the next 12 months as well as operational efficiencies. The revenue growth and reduction in the cost base will ensure that there is sufficient liquidity for the Group's needs.

After making appropriate enquiries and considering the assumptions and uncertainties described above, the Directors consider that it is appropriate to adopt the going concern basis in preparing the consolidated financial statements. Accordingly, the financial statements do not include any adjustments which would be required if the going concern basis of preparation was deemed to be inappropriate. However, if the Group is unable to deliver the proposed revenue growth and cost reductions, it would give rise to a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

2 Revenue

The information that is presented to the Chief Executive Officer, who is considered to be the Chief Operating Decision Maker (CODM), for the purposes of resource allocation and assessment of performance, is based wholly on the overall activities of the Group. Due to the current size and activities of the Group, there is a high degree of centralisation of activities. The Directors therefore consider that there is one operating, and hence one reportable segment for the purposes of presenting information under IFRS8; that of "Digital experience quality analytics services and associated consultancy services". There are no differences between the segment results and the Consolidated Statement of Comprehensive Income. The assets and liabilities information presented to the CODM is consistent with the Consolidated Statement of Financial Position.

During the year ended 30 September 2019 the Group had two customers who generated more than 10% of total revenue. These customers generated 79% and 17% of revenue respectively.

During the year ended 30 September 2018 the Group had one customer who generated more than 10% of total revenue. This customer generated 81% of revenue.

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

	2019	2018
	£	£
United Kingdom	**396,300**	179,071
United States of America	**1,537,782**	897,392
	1,934,082	1,076,463

3 Internally-generated intangible assets – research and development expenditure

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

(a) completion of the intangible asset is technically feasible so that it will be available for use or sale;

(b) the Group intends to complete the intangible asset and use or sell it;

(c) the Group has the ability to use or sell the intangible asset and the intangible asset will generate probable future economic benefits over and above cost;

(d) there are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

(e) the expenditure attributable to the intangible asset during its development can be measured reliably.

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

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

Intangible assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash flows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

4 Operating Loss

	2019	2018
	£	£
Loss from operations is stated after charging/(crediting) to administrative expenses:		

Depreciation on property, plant and equipment	**125,136**	138,422
Depreciation of right-of-use assets	**111,788**	—
Amortisation of intangible assets	**982,808**	844,898
Loss on disposal of property, plant and equipment	**—**	522
Operating lease rentals – land and buildings	**—**	239,380
Employee costs	**5,133,281**	5,477,969
Foreign exchange losses/gains	**(77,259)**	(44,052)
Auditors' remuneration:		
– Audit of these financial statements	**43,000**	33,000
Total auditors' remuneration	**43,000**	33,000

5 Tax on loss

	2019	2018
	£	£
Current tax:		
UK Corporation tax on losses of the year	**(296,866)**	(271,759)
Prior year adjustment	**(30,911)**	104,227
Overseas taxes	**12,370**	97,153
Deferred tax:		
Origination and reversal of timing differences	**(12,546)**	(10,881)
Total tax credit	**(327,953)**	(81,260)

Factors affecting the current tax credits

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

	2019	2018
	£	£
Loss before tax	**(6,239,903)**	(7,293,056)
Tax at the UK corporate tax of 19.00% (2018: 19.50%)	**(1,185,582)**	(1,422,146)
Effects of:		
Expenses not deductible for tax purposes	**231,498**	216,657
Unrecognised deferred tax asset on losses	**1,010,552**	1,409,086
Tax relief in respect of exercise of share options	**—**	(52,048)
Research and development enhancement in respect of the current year	**(354,985)**	(338,643)
Prior year adjustment	**(30,911)**	104,227
Change in rate of tax used to calculate deferred tax liability	**1,475**	1,607
Tax credit for the year	**(327,953)**	(81,260)

The Group has tax losses carried forward of approximately £30,355,000 (2018: £25,006,000).

The Group has incurred qualifying expenditure on research and development projects which has given rise to tax credits due from HM Revenue and Customs. At 30 September 2019, the amount due from HMRC was £296,866 (2018: £735,634).

Deferred tax

Deferred tax relates to the following:

	2019	2018
	£	£
Accelerated depreciation for tax purposes	**14,317**	26,863
Deferred tax liability	**14,317**	26,863

Reconciliation of deferred tax liabilities

	2019	2018
	£	£
Balance at the beginning of the year	**26,863**	37,744
Credit to the Consolidated Statement of Comprehensive Income	**(12,546)**	(10,881)
Balance at the end of the year	**14,317**	26,863

The Group has not recognised the net deferred tax asset in respect of tax losses in the Consolidated Statement

of Financial Position due to the uncertainty in the timing of when it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. The Group has not recognised the net deferred tax asset of £13,469 (2018: £12,135) arising on the recognition of right-of-use assets and the associated lease liability following the adoption of IFRS 16 on the basis that it is not material.

6 Loss per ordinary share

Basic loss per share is calculated by dividing the loss attributable to the owners of the parent by the weighted average number of ordinary shares in issue during the year. Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares in issue during the year to assume conversion of all dilutive potential ordinary shares.

The Company has one class of potentially dilutive ordinary shares, being those share options granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the year. However, due to losses incurred in both the current and previous financial year there is no dilutive effect from the potential exercise of these dilutive shares.

	2019	2018
	£	£
Total loss attributable to the equity holders of the parent	**(5,911,950)**	(7,211,796)

	No.	No.
Weighted average number of ordinary shares in issue during the year	**45,334,606**	44,845,951
Loss per share		
Basic and diluted on loss for the year	**(13.04)p**	(16.08)p

The weighted average number of shares in issue throughout the year is as follows:

	2019	2018
Issued ordinary shares at the beginning of the year	**44,902,338**	44,761,213
Effect of shares issued in October 2017	**—**	50,329
Effect of shares issued in February 2018	**—**	22,279
Effect of shares issued in June 2018	**—**	12,130
Effect of shares issued in July 2019	**432,268**	—
Weighted average number of shares at the end of the year	**45,334,606**	44,845,951

7 Cash and cash equivalents

	2019	2018
Bank credit rating:	**£**	£
A+	**3,754,036**	2,564,438
BBB+	**—**	4,123,384
BBB-	**4,122,598**	4,088,694
Cash and cash equivalents	**7,876,634**	10,776,516

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

All of the Group's cash and cash equivalents at 30 September 2019 and 30 September 2018 are held in instant access current accounts or short-term deposit accounts. Balances are denominated in UK sterling (£) and US dollars ($) as follows:

	2019	2018
	£	£
Denominated in UK sterling	**7,015,209**	10,359,870
Denominated in US dollars	**861,425**	416,646
Cash and cash equivalents	**7,876,634**	10,776,516

The Directors consider that the carrying value of cash and cash equivalents approximates to their fair value.

8 Intangible Assets

	Development costs
	£
Cost	
At 1 October 2017	1,954,533
Additions	1,157,864

At 30 September 2018	3,112,397
Additions	1,196,046
At 30 September 2019	**4,308,443**
Accumulated amortisation and impairment losses	
At 1 October 2017	688,272
Charge for the year	844,898
At 30 September 2018	1,533,170
Charge for the year	982,808
At 30 September 2019	**2,515,978**
Net book value	
At 30 September 2019	**1,792,465**
At 30 September 2018	1,579,227
At 30 September 2017	1,266,261

Amortisation and impairment charge

The amortisation of development costs is recognised within administrative expenses in the Consolidated Statement of Comprehensive Income.

9 Report and Accounts

The Company's Report and Accounts for the year ended 30 September 2019, together with a notice convening the Company's annual general meeting, will be posted to shareholders in due course.