Your customer in focus

Eagle Eye Solutions Group plc
Interim Report 2018

Our SaaS technology platform allows you to create a real-time connection with your customers

www.eagleeye.com
For current information on Eagle Eye Solutions Group Plc, including the Annual Report 2017, please visit our website.

2018 highlights

Financial highlights (based on unaudited figures):

- Group revenue increased by **28%** to £6.5m (H1 2017: £5.1m)
- Revenue from subscription fees and transactions over the network up 44% to £4.8m (H1 2017: £3.4m) representing **75%** of total revenue in H1 2018 (H1 2017: 66%)
- Adjusted EBITDA loss for the Period was **£1.4m** (H1 2017: loss £0.9m)
- Cash position of **£0.8m** (June 2017: Cash of £3.7m) in addition to an unutilised £3m bank facility as at 31 December 2017

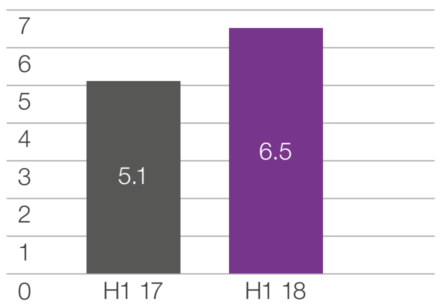
Operational and commercial highlight

- Redemption volumes of **82.8m**, an increase of **228%** year on year (H1 2017: 25.2m) and an increase of 135% on H2 2017 (35.2m)
- SMS volumes of **28.6m**, an increase of **50%** year on year (H1 2017: 19.0m)
- A total of **235** customers and brands on the AIR platform (H1 2017: 215), including 78 FMCG brands (H1 2017: 70)
- Enhanced the AIR platform's capability to now deliver over **3,000** transactions per second
- New product development to allow customers to save offers in either Apple or Google wallets, encouraging wider consumer choice

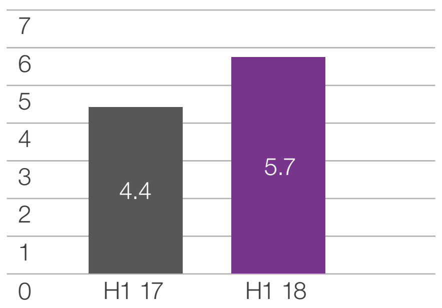
Post Period:

- Successful launch of Loblaw's new PC Optimum loyalty programme on 1 February 2018, using the Eagle Eye AIR platform
- After three weeks of operation, PC Optimum has had more than 6 million customer conversions, with customers earning and redeeming points more than 32 million times
- New contract signed with a European client through the Group's TCC European partnership
- Global partnership signed with Aptos to provide digital connection to customers without the need for till integration

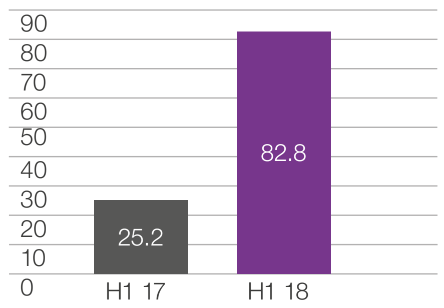
Group revenue £million



Gross profit £million



Redemption volumes £million



Eagle Eye at a glance

For more information, please visit:
www.eagleeye.com

OVERVIEW

Our core purpose
To allow businesses to create a real-time connection with their customers

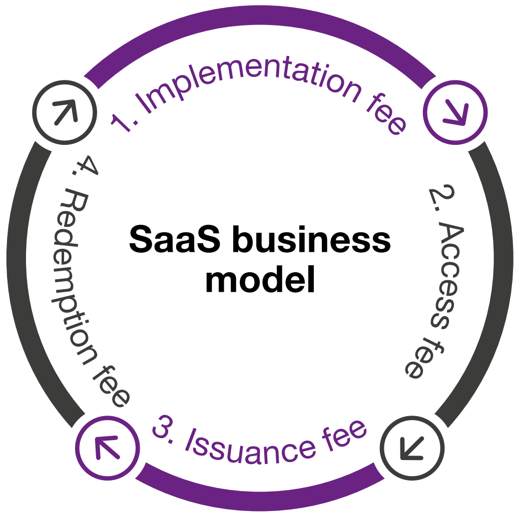
What we deliver

- One platform, many products
- One customer view
- Accurate reporting
- Easy to integrate, easy to use
- At scale, securely and real-time
- Omni issuance, omni redemption

Our strategy and progress

	Win	Transact	Deepen
STRATEGY	**Win** and bring customers onto Eagle Eye AIR	**Transact** driving higher redemption volumes through the platform	**Deepen** relationships through the use of additional products
PROGRESS	235 customers	82.2 million redemption volumes	↑41% F&B revenue
	New contracts with Boparan and Greene King	Further capabilities added to Sainsburys	↑50% sms volumes
	New contract with M&Co	New agreements with Google, Groupon, Giftcloud and Hospitality Line	Renewed contracts with Greggs, Mitchells and Butlers and Pizza Express
		Google campaign extended with 100,000 redemptions and 25% redemption rate so far	

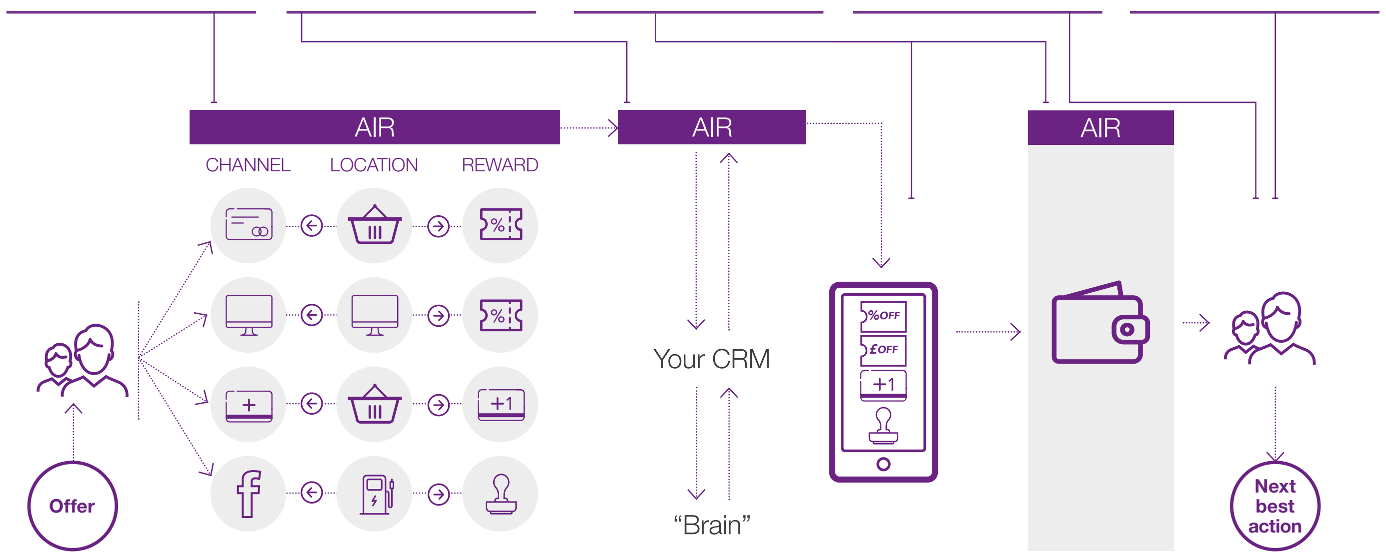
How we make money



1. One off implementation fee
2. Recurring licence fee for access to Eagle Eye AIR
3. Per issuance X pence – linked to value
4. Per redemption 3-5 times issuance

Our competitive advantage

1. Customer uses **multiple issuance channels** and shops/dines in many locations – online and in store, receiving multiple offer types along the way
2. Data is fed into the retailers' CRM in real-time to analyse **preferences** and deliver **insight** to **target** customers with truly **relevant offers**
3. Customer receives offers via **mobile**, based on his **interests** and saves them to his **digital wallet**
4. Retailer can **track** customer activity through to redemption, **optimising campaigns** in real-time to maximise success
5. This process can happen multiple times during one shopping trip, to truly capitalise on the **customer engagement** opportunity



Connecting businesses to consumers

For more information, please visit:
www.eagleeye.com

EXAMPLE USE CASES

Winning customers through digital marketing

- **Bridge online to offline**
- **Own marketing**
- **Brand campaigns**
- **Promotion and games**
- **Bought and owned media**
- **Real-time redemption**

CUSTOMER JOURNEY

Targeted customer, preferred social channels → Sees offer on social media that has been set up on the Eagle Eye AIR platform by the brand → Clicks on advert and fills in personal details on landing page → Receives unique code → Code is "read" at POS (scanned, keyed, NFC) → Customer ID now known. "John" receives relevant future offers based on his profile → Data is fed back into the CRM system for future remarketing

EXAMPLE USE CASES

Developing customer services digitally

- **Offers – next trip, next product**
- **Gift**
- **Customer survey**
- **eReceipt**
- **Eliminate fraud**
- **Electronic coupon counting**
- **Staff reward**

CUSTOMER JOURNEY

Customer enters store and receives offer to his phone through push notification via beacon → Customer scans his shopping at till along with his offer → Data sent to AIR in real-time to validate and redeem offer and capture basket data

Offer counted and verified in real-time

→ Customer receives receipt to his phone → Customer can gain easy access to information for record or returns

→ Customer receives e-gift for spending over the threshold → Customers leaves happy and can redeem gift during next visit

→ Customer receives offer for favourite product based on previous preferences and behaviour → Customer heads back into store to redeem his offer for favourite product

EXAMPLE USE CASES

Rewarding customers through digital loyalty

- **Wallet**
- **Offer and rewards**
- **Affiliate marketing**
- **Hyper personalisation**
- **Linking other wallets**
- **Next best action**
- **Social**

CUSTOMER JOURNEY

Customer enters store/café → Customer buys coffee and uses app to pay for it at the till → Through payment scan, customer fills last stamp on his stampcard → Customer receives reward to his phone in real-time, specific to his preferences based on previous purchases → Customer saves reward to the wallet on his phone to use on his next visit

Chairman's Review

For more information, please visit:
www.eagleeye.com

"The first six months of FY18 has seen steady financial progress with planned investment for the next phase of growth."

During the Period the Group's proven strategy of 'win, transact, deepen', has continued to deliver growth, resulting in a revenue increase of 28% to £6.5m (H1 2017: £5.1m), in line with the Board's expectations. Post Period the business achieved a milestone event with the launch of the PC Optimum programme for Loblaw, Canada's largest retailer.

INVESTMENT

Following the successful equity fundraising in June 2017, the first half of FY 2018 has been a period of investment for our next phase of growth.

The platform has been enhanced to now offer world class digital loyalty services, which are now live with Loblaw. In addition, we have integrated new technology and issuance partners, continuing to build out our network and audience reach.

Investment in operational capability in Canada was made to support both performance requirements of our biggest client Loblaw and the Group's growth within the Canadian market, where we see significant opportunity. We have begun to explore the market outside of Canada and have had initial conversations with Tier 1 retailers across North America. This focussed approach will continue whilst we build on the success of Loblaw.

We have expanded our 'win' resource both in sales and operations, to reflect the right combination of commercial management and product skills required to successfully win new customers and deepen existing relationships. To support Europe, we have created a TCC 'win' and presales team.

We have upskilled our senior management layer and now have subject matter experts in loyalty, FMCG brands and product marketing to ensure we continue to be relevant in today's market and help us take our proposition to the market quicker.

WIN

We made continued progress in adding new brands and retailers to the AIR platform during the Period. At 31 December 2017 Eagle Eye had 235 customers and brands on the AIR platform, including 78 FMCG brands, up from 215 customers including 70 FMCG brands at the end of H1 2017.

In October 2017, Eagle Eye signed contracts with Scottish fashion chain M&Co. and Greene King, the latter further cementing our position in the UK food and beverage ("F&B") market. These contract wins also benefit our brand partners as our extended redemption network provides greater opportunities to run measurable campaigns.

In December 2017, Eagle Eye signed a contract with Boparan, a group owning brands such as Ed's Easy Diner, Giraffe, Harry Ramsden's and Fishworks to deliver digital promotions and gift capability through the Eagle Eye AIR Platform. The platform will enable Boparan to deliver the same streamlined digital promotion capabilities across its brands to ensure consistent service levels for all customers. In addition, Eagle Eye will replace all existing paper gift schemes with a digital offering.

TRANSACT

Total redemption volumes for the Period increased by 228% to 82.8m (H1 2017: 25.2m) which was primarily driven by Sainsbury's going live in H2 2017. During the Period further capabilities were added to the Sainsbury's programme helping to increase redemption volumes by 135% from H2 2017 to H1 2018 (H2 2017: 35.2m).

Issuance Partners

Issuance partners form a key part of our 'transact' strategy and remain a significant channel for brands to run innovative campaigns and extend their audience. During the Period we were delighted to sign several new framework agreements, including contracts with Hospitality Line and Giftcloud.

Our two key partners, Groupon and Google, have started to build momentum during the Period utilising the benefits of the merchant network to extend their redemption capability across multiple sectors. The Google 'Visa tap & win' campaign has been extended due to high engagement from consumers enabling new Visa and Android Pay users to earn chances to win instant prizes at five Eagle Eye participating merchants; Greggs, Casual Dining Group, Mitchells & Butlers, M&S and Pizza Express. This campaign extension illustrates how modern technology and appealing offers drive increased and effective consumer engagement with Eagle Eye enabling over 100,000 redemptions through its customer network and a conversion rate of over 25% so far.

DEEPEN

During the Period, revenue from the F&B sector grew by 41% against H1 2017. As our F&B clients experience of our digital marketing platform increases, there is a trend for them to use it more. As a result, we are seeing increased promotional activity across the sector.

We are also pleased to announce the renewal of three longstanding clients within our F&B sector: Greggs (five-year contract), Mitchells & Butlers (three-year contract) and Pizza Express (one-year contract). In all cases the Eagle Eye AIR platform is being used to power an enhanced digital experience for the customer. These renewals reflect the value and strength of Eagle Eye's offering as well as our lasting client relationships.

There has also been strong growth in SMS volumes which increased 50% to 28.6m (H1 2017: 19.0m) due to additional services provided for JD Sports and Paragon. Revenue growth was limited to 18% due to price pressures in a competitive and maturing market.

INNOVATION

With the launch of PC Optimum with Loblaw, we have confirmed our position as a leading provider of digital loyalty services, in addition to the personalised promotion services we have offered until now. Underpinning our strategy to become a global leader in digital marketing, the Group remains committed to product leadership and innovation.

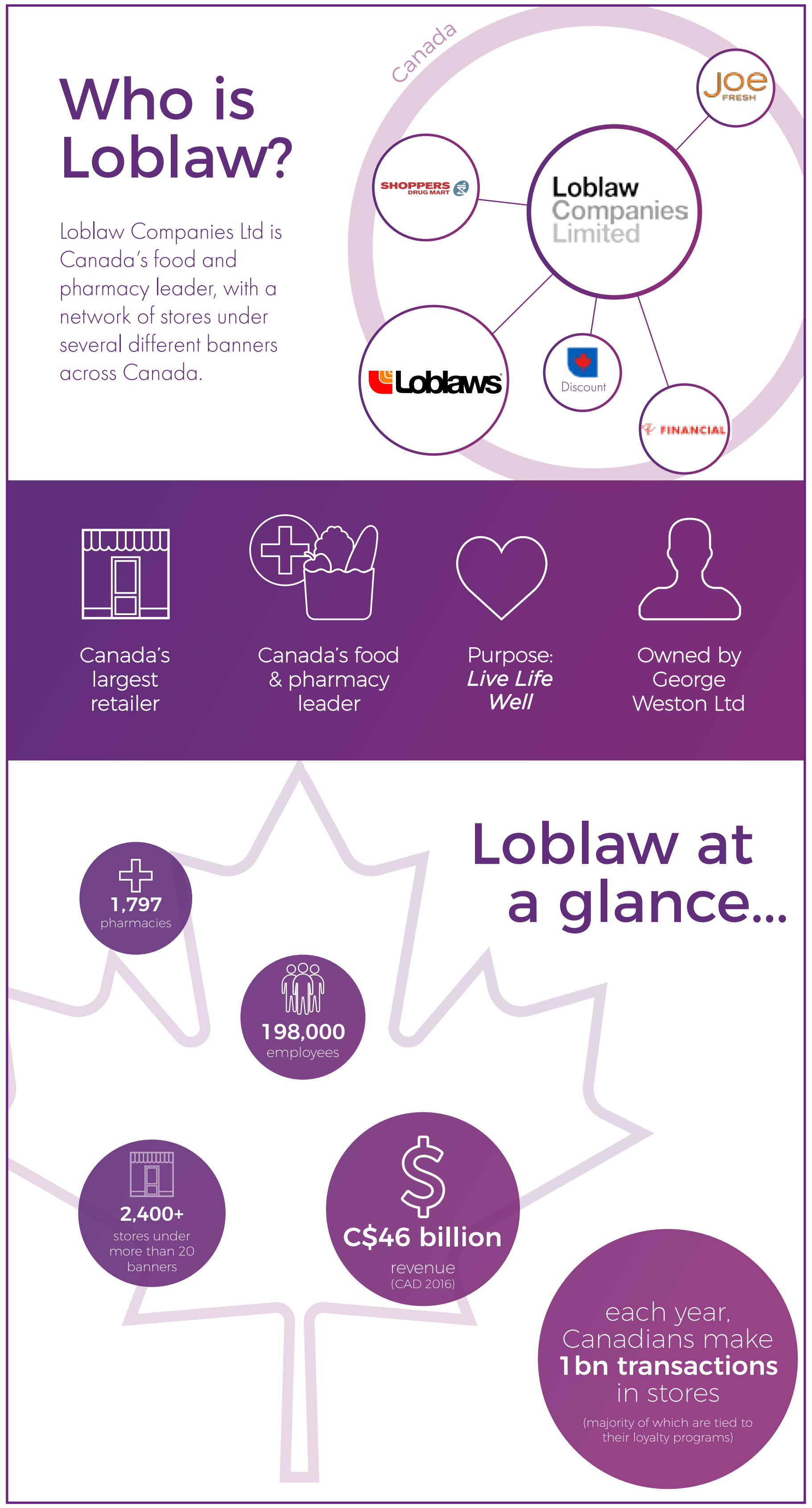
Since the start of FY 2018 we have transformed the AIR platform's capability to increase its performance to deliver over 3,000 transactions per second, this transforms the scalability and availability of our Tier 1 clients.
For Loblaw we are servicing millions of customers with approximately 150 million personalised offers each week, supporting a loyalty scheme with vast scale and personalisation.

For the F&B sector we have integrated with Flypay to broaden our restaurant app to support pay at table via a mobile application. In addition, we have continued to develop deeper segmentation controls within the app user base to enable more relevant consumer engagement. We have also integrated with both Apple and Google Wallets providing consumers with more choice in how and where they save and redeem their coupons, stamp cards and gift vouchers.

44%
INCREASE IN REVENUE FROM SUBSCRIPTION FEES AND TRANSACTIONS

Chairman's Review continued

For more information, please visit:
www.eagleeye.com



POST PERIOD

Loblaw

Loblaw successfully launched its new PC Optimum programme on 1 February 2018, using the Eagle Eye AIR platform to deliver personalised, valuable and convenient rewards to millions of Canadians.

The PC Optimum programme has combined two of Canada's most loved loyalty programmes PC Plus and Shoppers Optimum, to become one of Canada's largest loyalty programmes. The two programmes had 8 million and 11 million members respectively. Merging these two programmes creates a state-of-the-art loyalty programme and brings more redemption options and greater convenience to Canadians. This relationship marks the first time two loyalty programmes with customer data of this magnitude have been successfully integrated into one programme, making it one of the largest in Canadian history.

Since the launch of PC Optimum on 1 February 2018, more than 6 million customers have already converted to the new programme, with customers earning and redeeming points more than 32 million times in the first three weeks. The programme, which engages consumers digitally but gives them choice on redemption, generated on average more than 1.5 million PC Optimum app or web visits every day since launch. According to Loblaw's internal customer net promoter score (NPS) survey, 80% of customers were very satisfied with the new programme specifically highlighting ease of converting points and participation.

Activity since launch is in line with the Board's expectations and the revenue generated from this contract will shift significantly from initial implementation fees to recurring transaction fees in H2 2018.

The Eagle Eye AIR platform sits at the heart of the PC Optimum programme ecosystem and is integrated with Loblaw's channels and systems, enabling a single customer view across Loblaw's varying businesses, including Loblaw supermarkets, Shoppers Drug Mart, PC Financial and Joe Fresh.

Jim Noteboom, Senior Vice President, Loyalty and Consumer Insights, Loblaw Companies Limited said: "We couldn't have achieved this milestone without Eagle Eye's commitment and flexible approach. With their proven success in the UK and unique offering, they were the right company to deliver against our plans both today and for the future."

Partner updates

We are delighted to announce a new European retail client, that was signed in March 2018, won through our European TCC partnership. The programme, expected to go live later this year, will be led by TCC and will see the Eagle Eye AIR platform underpinning the TCC smart connect proposition to deliver 24-7 shopper engagement through their digital campaigns.

An important part of our growth strategy is extending our network through relevant integrations with both technology and issuance partners. Integrations matter as they create ubiquity, increase ease of use for our retailers and make Eagle Eye a natural choice as a digital marketing platform.

In March 2018 we also signed a global partnership with Aptos. Aptos is a global leading retail technology solutions provider to more than 1,000 retail brands across 55 countries. The agreement will see us work collaboratively with a pre-integrated solution to provide digital connection to customers without the need for till integration. We currently have four joint UK customers, Clarks, Thomas Pink, M&Co and Pets at Home. As a result of this partnership we will look to expand our footprint in speciality retail globally.

Key performance indicators

Financial	2018 £000	2017 £000
Revenue	**6,458**	5,064
Adjusted EBITDA loss	**(1,446)**	(879)
Loss before interest and tax	**(2,267)**	(1,815)
Cash and cash equivalents	**767**	324

Non-financial	2018	2017
Number of redemptions and interactions	**82.8m**	25.2m
Number of SMS sent	**28.6m**	19.0m
Percentage of subscription transaction revenue	**75%**	66%
Customers and brands on the AIR platform	**235**	215
Customer churn by value	**1.5%**	2.8%

Activity with our brand partners continues to progress, most recently in a campaign with Diageo and its Gordon's Gin brand, which aims to reward delayed rail passengers with either a half price or a free gin and tonic. The service, called #YayDelay, uses an intelligent algorithm to monitor real-time train delays. When consumers' trains are delayed they are encouraged to tweet the hashtag phrase to be given access to the offer. The Eagle Eye AIR platform then activates this campaign by delivering unique coupons to individuals initially at London's Waterloo station with potential roll out nationally, redeemable in select venues.

FINANCIAL RESULTS

During the Period, the Group delivered a revenue increase of 28% to £6.5m (H1 2017: £5.1m). AIR platform revenue of £5.6m represented 86% of total revenue (H1 2017: 85%) and AIR transactional revenues grew 52% against the prior year to £4.0m (H1 2017: £2.6m), driven primarily by the deepening of our Tier 1 customer relationships and increased transaction revenue from existing customers. Although SMS volumes increased significantly by 50% in the Period, the overall messaging revenue increase was limited to 18% to £0.9m (H1 2017: £0.8m), reflecting price pressures in a competitive and increasingly mature market.

Revenue generated from subscription fees and transactions over the network represented 75% (H1 2017: 66%) of total revenue for the first half of FY 2018. This reflects the start of the transition of our key Tier 1 customers into the next phase of their contracts which helped to drive a 31% increase in revenue from our Tier 1 clients to £3.4m (H1 2017: £2.6m).

Customer churn fell in the Period to 1.5% (H1 2017: 2.8%) reflecting the uniqueness and robustness of the Eagle Eye AIR platform as well as its value to the Group's customers. The high degree of stickiness once a customer has been won enhances the opportunities to deepen existing client relationships.

Gross profit grew 30% to £5.7m (H1 2017: £4.4m) and the gross margin increased by a further 2ppts to 89% (H1 2017: 87%). Gross margin improved due to the continued improvement in AIR margin to 96% (H1 2017: 95%), reflecting the lessening requirement for revenue share agreements with partners and lower levels of outsourcing of non-core bespoke development work.

Chairman's Review continued

FINANCIAL RESULTS continued
Operating expenses of £7.2m (H1 2017: £5.3m) increased primarily as a result of the investment in people for our planned strategic growth, together with incremental costs linked to revenue growth and ensuring the robustness, scalability and security of the Eagle Eye AIR platform. Within staff costs of £5.7m (H1 2017: £4.3m), spend on product development increased 19% to £2.0m (H1 2017: £1.6m). The number of employees at the end of the Period increased to 129 (H1 2017: 98).

Adjusted EBITDA loss for the Period was £1.4m (H1 2017: loss £0.9m), as a result of the increased investment in the business despite the higher gross profit delivered during the Period. 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.

At the end of the Period, the Group held cash of £0.8m (June 2017: cash of £3.7m) and its £3m revolving credit facility with Barclays Bank Plc remained unutilised. The movement in cash reflected an operating cash outflow of £2.0m (including £0.6m of working capital outflow due to an increase in debtors as a result of the increase in revenue) and the capital investment in the Eagle Eye AIR platform of £0.9m.

The Group had net assets of £7.2m at the end of the Period (June 17: £8.9m), the expected reduction in net assets reflecting the EBITDA loss. The current tax receivable of £0.4m relates to a research and development tax credit, received in January 2018.

Outlook
The first six months of FY18 has seen steady financial progress with planned investment for the next phase of growth. The Group's revenue growth of 28% in H1 2018 coupled with continued success in winning new customers, deepening customer relationships and driving increased transactions through the platform demonstrates the continued momentum of the business.

Post Period, the launch of the new PC Optimum programme with Loblaw is a significant milestone in the Group's progress. This scale positions us as a legitimate loyalty service provider for any retailer in the world and demonstrates the strengthened operational capability of the business. This success, coupled with the win with TCC Global as well as the new Aptos partnership demonstrates that the Eagle Eye AIR platform is gaining scale internationally.

In the third quarter the Group has seen an increased rate of growth driven by increased volumes from key existing clients, the launch of PC Optimum for Loblaw and further deepening of existing relationships. This increase in rate is expected to continue aided by the recent new wins, partnerships announced today and conversion of some of the advanced strategic opportunities in the Group's pipeline. This all gives the Board confidence in meeting its expectations for the financial year ending 30 June 2018.

Malcolm Wall
Non-executive Chairman

Consolidated unaudited interim statement of total comprehensive income

For more information, please visit: www.eagleeye.com

FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

	Note	**Unaudited 6 months to 31 December 2017 £000**	Unaudited 6 months to 31 December 2016 £000	Audited Year to 30 June 2017 £000
Continuing operations				
Revenue	3	**6,458**	5,064	11,058
Cost of sales		**(725)**	(653)	(1,297)
Gross profit		**5,733**	4,411	9,761
Adjusted operating expenses(1)		**(7,179)**	(5,290)	(11,530)
Loss before interest, tax, depreciation, amortisation and share-based payment charge		**(1,446)**	(879)	(1,769)
Share-based payment charge		**(135)**	(77)	(431)
Depreciation and amortisation		**(686)**	(859)	(1,643)
Operating loss		**(2,267)**	(1,815)	(3,843)
Finance income		**–**	3	–
Finance expense		**–**	(15)	(67)
Loss before taxation		**(2,267)**	(1,827)	(3,910)
Taxation		**429**	432	391
Loss after taxation for the financial period		**(1,838)**	(1,395)	(3,519)
Foreign exchange adjustments		**8**	29	33
Total comprehensive loss attributable to the owners of the parent for the financial period		**(1,830)**	(1,366)	(3,486)
Loss per share				
From continuing operations				
Basic and diluted	4	**(7.24)p**	(6.30)p	(15.73)p

(1) Adjusted operating expenses excludes share-based payment charge, depreciation and amortisation

Consolidated unaudited interim statement of financial position

AS AT 31 DECEMBER 2017

	Unaudited 31 December 2017 £000	Unaudited 31 December 2016 £000	Audited 30 June 2017 £000
Non-current assets			
Intangible assets	5,148	4,704	4,838
Property, plant and equipment	250	256	246
	5,398	4,960	5,084
Current assets			
Trade and other receivables	4,885	3,606	3,576
Current tax receivable	415	–	–
Cash and cash equivalents	767	324	3,724
	6,067	3,930	7,300
Total assets	11,465	8,890	12,384
Current liabilities			
Trade and other payables	(4,105)	(4,177)	(3,348)
Non-current liabilities			
Deferred tax liability	(159)	(133)	(174)
Total liabilities	(4,264)	(4,310)	(3,522)
Net assets	7,201	4,580	8,862
Equity attributable to owners of the parent			
Share capital	254	222	253
Share premium	17,041	10,991	17,008
Merger reserve	3,278	3,278	3,278
Share option reserve	1,438	1,307	1,303
Retained losses	(14,810)	(11,218)	(12,980)
Total equity	7,201	4,580	8,862

Consolidated unaudited interim statement of changes in equity

For more information, please visit:
www.eagleeye.com

FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

	Share capital £000	Share premium £000	Merger reserve £000	Share option reserve £000	Retained losses £000	Total £000
Balance at 1 July 2016	222	10,991	3,278	1,230	(9,852)	5,869
Loss for the period	–	–	–	–	(1,395)	(1,395)
Other comprehensive income						
Foreign exchange adjustments	–	–	–	–	29	29
	–	–	–	–	(1,366)	(1,366)
Transactions with owners						
Share-based payment charge	–	–	–	77	–	77
	–	–	–	77	–	77
Balance at 31 December 2016	222	10,991	3,278	1,307	(11,218)	4,580
Loss for the period	–	–	–	–	(2,124)	(2,124)
Other comprehensive income						
Foreign exchange adjustments	–	–	–	–	4	4
	–	–	–	–	(2,120)	(2,120)
Transactions with owners						
Issue of share capital	27	5,973	–	–	–	6,000
Issue costs	–	(240)	–	–	–	(240)
Exercise of share options	4	284	–	–	–	288
Fair value of share options exercised	–	–	–	(319)	319	–
Fair value of share options lapsed	–	–	–	(39)	39	–
Share-based payment charge	–	–	–	354	–	354
	31	6,017	–	(4)	358	6,402
Balance at 30 June 2017	253	17,008	3,278	1,303	(12,980)	8,862
Loss for the period	–	–	–	–	(1,838)	(1,838)
Other comprehensive income						
Foreign exchange adjustments	–	–	–	–	8	8
	–	–	–	–	(1,830)	(1,830)
Transactions with owners						
Exercise of share options	1	33	–	–	–	34
Share-based payment charge	–	–	–	135	–	135
	1	33	–	135	–	169
Balance at 31 December 2017	254	17,041	3,278	1,438	(14,810)	7,201

Included in "retained losses" is a cumulative foreign exchange balance of £57,000 (June 2017: £49,000) which could be recycled to profit and loss.

Consolidated unaudited interim statement of cash flows

FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

	Unaudited 6 months to 31 December 2017 £000	Unaudited 6 months to 31 December 2016 £000	Audited Year to 30 June 2017 £000
Cash flows from operating activities			
Loss before taxation	**(2,267)**	(1,827)	(3,910)
Adjustments for:			
Depreciation	**65**	46	104
Amortisation	**621**	813	1,539
Share-based payment charge	**135**	77	431
Finance income	**–**	(3)	–
Finance expense	**–**	15	67
Increase in trade and other receivables	**(1,310)**	(1,526)	(1,496)
Increase in trade and other payables	**757**	1,271	954
Income tax paid	**(1)**	–	(1)
Income tax received	**–**	346	346
Net cash flows from operating activities	**(2,000)**	(788)	(1,966)
Cash flows from investing activities			
Payments to acquire property, plant and equipment	**(69)**	(59)	(107)
Payments to acquire intangible assets	**(930)**	(679)	(1,539)
Net cash flows used in investing activities	**(999)**	(738)	(1,646)
Cash flows from financing activities			
Net proceeds from issue of equity	**34**	–	6,048
Proceeds from borrowings	**–**	800	5,600
Repayment of borrowings	**–**	(300)	(5,600)
Interest paid	**–**	(4)	(67)
Interest received	**–**	3	–
Net cash flows from financing activities	**34**	499	5,981
Net (decrease)/increase in cash and cash equivalents in the period	**(2,965)**	(1,027)	2,369
Foreign exchange adjustments	**8**	29	33
Cash and cash equivalents at beginning of period	**3,724**	1,322	1,322
Cash and cash equivalents at end of period	**767**	324	3,724

Notes to the consolidated unaudited interim financial statements

For more information, please visit:
www.eagleeye.com

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 2017. The Group's accounting reference date is 30 June. Eagle Eye Solutions Group plc's shares are listed on the Alternative Investment Market of the London Stock Exchange (AIM).

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 2017 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 2018.

The loss 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 2017 has been extracted from the annual financial statements of Eagle Eye Solutions Group plc. These interim results for the period ended 31 December 2017, 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 2017, 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.

Notes to the consolidated unaudited interim financial statements continued

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 2017 £000	Unaudited 6 months to 31 December 2016 £000	Audited Year to 30 June 2017 £000
Development and set up fees	**1,614**	1,698	3,512
Subscription and transaction fees	**4,844**	3,366	7,546
	6,458	5,064	11,058

	Unaudited 6 months to 31 December 2017 £000	Unaudited 6 months to 31 December 2016 £000	Audited Year to 30 June 2017 £000
AIR revenue	**5,575**	4,314	9,426
Messaging revenue	**883**	750	1,632
	6,458	5,064	11,058

4. Loss per share

The calculation of basic and diluted loss 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 weighted average number of shares for the purpose of calculating the basic and diluted measures is the same. This is because the outstanding share options would have the effect of reducing the loss per ordinary share and therefore would not be dilutive.

	Unaudited H1 2018 Loss per share pence	Unaudited H1 2018 Loss £000	Unaudited H1 2018 Weighted average number of ordinary shares	Unaudited H1 2017 Loss per share pence	Unaudited H1 2017 Loss £000	Unaudited H1 2017 Weighted average number of ordinary shares
Basic and diluted loss per share	**(7.24)**	**(1,838)**	**25,403,284**	(6.30)	(1,395)	22,158,286

5. Availability of this Interim Announcement

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

Company information

For more information, please visit:
www.eagleeye.com

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