# Eagle Eye shares plunge 40% after losing major US supermarket contract



Eagle Eye Solutions Group PLC has experienced a significant downturn, with shares plummeting by over 40% this week following the loss of a substantial contract with a US supermarket chain. The technology firm, known for powering loyalty programmes for major retailers such as Tesco, Asda, and Morrisons, disclosed that this contract was valued between $9 million and $10 million annually and is now set to conclude in August. The loss of this high-margin agreement is expected to necessitate a comprehensive cost-cutting programme aimed at mitigating its financial impact.

Despite this setback, the company maintains a cautiously optimistic outlook regarding its growth trajectory. CEO Tim Mason stated, “While the news of this contract termination is clearly disappointing, it reflects commercial changes at NRS, outside of our control.” He emphasised that the fundamentally strong nature of the business, alongside their robust offering in loyalty and promotions capabilities, supports the belief that Eagle Eye can still thrive despite the upcoming revenue hit. The firm anticipates a material effect on next year’s revenue, yet plans to sustain double-digit profit margins and return to revenue growth by 2027.

The circumstances surrounding this contract loss are further complicated by earlier concerns regarding Eagle Eye's overall financial performance. Earlier this month, the company had already issued warnings about its revenue forecasts, revealing that it expected revenue for the current fiscal year and the next to fall short of market expectations. Contributing factors included a downturn in professional services revenue and extended sales cycles as a result of challenging economic conditions. For the six months ending December 31, the firm reported flat overall revenue growth at £24.2 million, despite a 10.4% rise in recurring SaaS revenue being overshadowed by a 16.4% decline in professional services and a staggering 77.5% drop in SMS revenue.

Amid this turmoil, there are glimmers of potential recovery for Eagle Eye. Notably, the company has secured a five-year contract with Pattison Food Group, Canada’s largest grocery retailer, aimed at enhancing its More Rewards loyalty programme. This contract highlights a growing demand for Eagle Eye's innovative solutions and showcases the introduction of new AI tools to their offerings, signalling a strategic pivot towards advanced technologies as they prepare for the full rollout of EagleAI in 2024.

Additionally, despite the current disarray, the company reported a 19% growth in Annual Recurring Revenue (ARR) to £39.7 million for the financial year ending June 30, 2024, bolstered by acquiring new clients in various regions including the UK, North America, and Australia. A new financial safety net has also been established, with a £10 million credit facility from HSBC to further support growth initiatives and expansion plans. These developments underscore a duality within Eagle Eye's outlook: while significant challenges loom, proactive measures and strategic contracts may pave the way for recovery and resilience.

In closing, Eagle Eye's immediate future appears to be a balancing act between grappling with lost revenue and capitalising on emerging opportunities within an evolving retail landscape.

### 📌 Reference Map:

* Paragraph 1 – [[1]](https://www.thegrocer.co.uk/news/eagle-eye-shares-down-40-after-us-grocer-cuts-contract/705225.article), [[6]](https://sa.marketscreener.com/quote/stock/EAGLE-EYE-SOLUTIONS-GROUP-16290161/news/Eagle-Eye-Solutions-shares-tumble-as-it-slashes-revenue-forecasts-48742857/)
* Paragraph 2 – [[1]](https://www.thegrocer.co.uk/news/eagle-eye-shares-down-40-after-us-grocer-cuts-contract/705225.article), [[2]](https://www.proactiveinvestors.com.au/companies/news/1064136/eagle-eye-shares-drop-22-as-revenue-forecasts-fall-short-1064136.html), [[4]](https://thefinancialanalyst.net/2025/01/13/eagle-eye-solutions-shares-plunge-22-amid-revenue-warning-and-declines/)
* Paragraph 3 – [[3]](https://www.sharecast.com/news/news-and-announcements/eagle-eye-secures-five-year-contract-with-canadian-grocery-retailer--15781424.html), [[5]](https://www.investegate.co.uk/announcement/rns/eagle-eye-solutions-group--eye/trading-update/8324530), [[7]](https://www.nasdaq.com/articles/eagle-eye-solutions-expands-new-contracts-and-credit-facility)

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## Bibliography

1. <https://www.thegrocer.co.uk/news/eagle-eye-shares-down-40-after-us-grocer-cuts-contract/705225.article> - Please view link - unable to able to access data
2. <https://www.proactiveinvestors.com.au/companies/news/1064136/eagle-eye-shares-drop-22-as-revenue-forecasts-fall-short-1064136.html> - Eagle Eye Solutions Group PLC's shares fell by 22% after the company warned that its revenue for the current year and 2026 would be below market expectations. The shortfall is attributed to a decline in professional services revenue and lengthening sales cycles amid challenging economic conditions. For the six months ending December 31, Eagle Eye reported flat overall revenue growth at £24.2 million, with a 10.4% rise in recurring SaaS revenue offset by a 16.4% drop in professional services and a 77.5% decline in SMS revenue. Despite the setback, the company highlighted a new five-year global partnership with a major enterprise software vendor, which it expects to drive significant growth from 2027 onwards.
3. <https://www.sharecast.com/news/news-and-announcements/eagle-eye-secures-five-year-contract-with-canadian-grocery-retailer--15781424.html> - Eagle Eye Solutions Group has secured a five-year contract with Pattison Food Group, Western Canada's largest grocery retailer, to enhance its loyalty programme, More Rewards, using Eagle Eye's AIR platform and new AI tools. This contract strengthens Eagle Eye's presence in North America and demonstrates retailers' appetite for the Group's AI solution ahead of the full launch of EagleAI in 2024. CEO Tim Mason expressed delight in working with PFG to support the transformation of its digital loyalty programme and highlighted the addition of EagleAI to their enterprise-grade AIR platform as a significant offering in the North American market.
4. <https://thefinancialanalyst.net/2025/01/13/eagle-eye-solutions-shares-plunge-22-amid-revenue-warning-and-declines/> - Eagle Eye Solutions Group PLC's shares plummeted 22% following a stark warning about its revenue projections for the current year and 2026. The company cited a combination of factors leading to this disappointing forecast, including a decline in professional services revenue and lengthening sales cycles, both exacerbated by challenging economic conditions. For the six months ending December 31, Eagle Eye reported overall revenue stagnation at £24.2 million, with a 10.4% increase in recurring SaaS revenue offset by a 16.4% drop in professional services revenue and a 77.5% decline in SMS revenue. Despite the current turmoil, the company announced a new five-year global partnership with a major enterprise software vendor, expected to pave the way for significant growth starting in 2027.
5. <https://www.investegate.co.uk/announcement/rns/eagle-eye-solutions-group--eye/trading-update/8324530> - Eagle Eye Solutions Group PLC reported a 19% growth in Annual Recurring Revenue (ARR) to £39.7 million for the year ended 30 June 2024. The company highlighted profitable growth with new customers secured in the UK, North America, and Australia, and expansion with existing customers including Tesco, Morrisons, and Asda in the UK, Hudson's Bay in North America, and Woolworths in Australia. The Group maintained strong cost discipline, delivering adjusted EBITDA ahead of market expectations, and continued innovation to expand its addressable market, focusing on the AI-based offering, EagleAI, validated by initial customer wins including Tesco, Morrisons, and Carrefour via Média performances.
6. <https://sa.marketscreener.com/quote/stock/EAGLE-EYE-SOLUTIONS-GROUP-16290161/news/Eagle-Eye-Solutions-shares-tumble-as-it-slashes-revenue-forecasts-48742857/> - Eagle Eye Solutions Group PLC shares plunged on Monday as it cut revenue expectations for the next two years due to a reduction in Professional Services revenue and challenges from the economic climate. The London-based software-as-a-service marketing solutions provider said it expects revenue in financial year 2025 and 2026 to be around 15% and 18% below current market expectations respectively. The company said consensus market expectations as at Friday for FY25 and FY26 were for revenue of GBP56.4 million and GBP64.0 million and adjusted earnings before interest, tax, depreciation and amortisation of GBP12.7 million and GBP15.0 million respectively. It said the reduction in revenue is due to a significant fall in its Professional Services revenue and 'lengthening sales cycles due to the macroeconomic climate'.
7. <https://www.nasdaq.com/articles/eagle-eye-solutions-expands-new-contracts-and-credit-facility> - Eagle Eye Solutions Group PLC has started FY25 strong with new contracts, including a five-year deal with Waterstones in the UK and multi-year engagements with retailers like RONA in Canada. The company has secured a new £10 million credit facility from HSBC, doubling its previous facility, to support its growth strategy. With a robust sales pipeline and a focus on personalised loyalty solutions, Eagle Eye is poised for continued expansion in the global market. The new credit facility and strategic partnerships are expected to bolster the company's financial position and support its growth initiatives in the coming years.