

25 July 2023

Fadel Partners, Inc.

('FADEL', the 'Company' or, together with its subsidiaries, the 'Group')

Half Year Trading Update

Fadel Partners, Inc. (AIM: FADL), a brand compliance and rights and royalty management software provider, is pleased to provide a trading update for the six months ended 30 June 2023, based on unaudited management accounts. Following the Company's successful IPO in April 2023, FADEL has demonstrated strong operational progress, underpinned by a solid financial performance. The management team has made good progress in investing for growth, in line with its stated strategy.

Focus on growing recurring revenue continues to be at the forefront of the Group's strategy. The Board expects revenue for the financial year ending 31 December 2023 (FY23) to be in line with market expectations*, however 2H23 will show a significant increase in revenue relative to 1H23 due to the timing of annual contract renewals for certain enterprise licenses which are now heavily weighted towards the Company's year-end. Recurring revenue is expected to increase to c.80% of total revenue for FY23 (FY22 65%), reflecting positive growth expected from license and support renewals and net new sales. Services revenue is expected to reduce relative to the prior year, due to the successful completion of a number of service contracts associated with the conclusion of the implementation phase for certain IPM customers and phased regional go-lives.

1H23 Financial Highlights

- Revenue growth in line with the Board's expectations.
- Recurring revenue growth of 3% to \$4.3m 1H23 (1H22: \$4.2m).
- Service revenue of \$1.0m 1H23 (1H22 of \$2.5m) reflects the successful completion of a number of implementations and regional roll-outs for existing clients.
- Cash and cash equivalents of \$8.2m at 30 June 2023 (net cash \$7.3m).

Operational Highlights

- Since the IPO, FADEL has invested in the further development of its sales team including hiring Frank Matticola as Chief Revenue Officer and five further new salesperson / lead generation hires complemented by product management, sales support and administration hires to build out phase I of the sales team expansion, greatly expanding our go to market capacity and capabilities.
- Our Brand Vision offering is attracting a great deal of interest amongst enterprise clients. The latest Content Tracking product release in 2Q23 introduced AI based image and video matching and crawling, now capable of searching for brand marketing content in image and video form across the web and social media. Video Tracking is proving to be a much-needed solution to a challenging problem many multi-national brands have been unable to solve to stay compliant with their marketing content and its digital distribution.
- It has become increasingly clear that many of our existing and prospective customers have needs for the solutions provided by both of our product families, namely IPM Suite and Brand Vision, presenting a number of cross-selling and up-selling opportunities. We are actively engaged with many companies discussing what combinations of our offerings may best suit their needs.
- We continue to invest in our product offerings with new features and functionality being rolled out in our quarterly releases for both IPM Suite and Brand Vision.

Post Period Highlights

- Good progress post IPO in building and converting our pipeline of opportunities with signatures for several deals in the Life Sciences, Publishing and Tobacco industries now concluded bringing recurring revenue total contract value (TCV) of >\$700k in aggregate and associated services of \$30k.
- In addition, we have signed a number of new contracts and renewals with a TCV of >\$800k for Support, further contributing to our recurring revenue in 2H23 and beyond.

Notice of Interims

The Group expects to announce its full interim results in the third week of September.

* FY23 consensus revenue estimate: \$14.6m.

Tarek Fadel, Chief Executive Officer of FADEL, commented:

"The first half of 2023 was another milestone period for FADEL. We delivered a successful IPO and then began, in earnest, the process of building the business for the next phase of its growth journey."

"It has become increasingly clear that many of our existing and prospective customers have needs for the solutions provided by both of our product families and we are delighted about the future prospects for the Company."

"The successes in the year have further consolidated our position as a leader in the digital content and intellectual property market and provide a strong platform to take advantage of significant market opportunities available to us."

"I am pleased to report that trading for FY23 continues to be in line with expectations and the services revenue decline shows two clear and positive trends: we are concluding a phase of bringing a number of world-scale enterprise customers onboard which provides capacity for the next phases of growth, and we are increasing a recurring revenue bias to our income with some 80% of revenue now being recurring."

This announcement contains inside information for the purposes of the retained UK version of the EU Market Abuse Regulation (EU) 596/2014 ("UK MAR").

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About FADEL Partners Inc.

FADEL is a developer of cloud based brand compliance and rights and royalty management software, working with some of the world's leading licensors and licensees across media, entertainment, publishing, consumer brands and hi-tech/gaming companies. The Group combines the power of rights management and content compliance with sophisticated content services, AI-powered visual search and image and video recognition.

FADEL has two solutions, being IPM Suite (rights and royalty management for publishers and licensing) and Brand Vision (an integrated platform for Brand Compliance & Monitoring that includes Content Services, Digital Rights Management, AI-Powered Content Tracking, a Brand Monitor, and 100 million Ready-to-License Images).

The Group's main country of operation is the United States, where it is headquartered in New York, with further operations in the UK, Lebanon, France, Canada and India. Founded in 2003 by Tarek Fadel (Chief Executive Officer), FADEL has since grown to a team of 116 full time employees, plus an additional pool of c.50-60 contractors.

For more information, please visit the Group's website at: www.fadel.com.

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