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IQ-AI Limited
17 August 2023

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IQ-AI Limited (the "Company" or the "Group")

Half Yearly Report for the Period Ended 30 June 2023

The Board of IQ-AI Ltd is pleased to announce the Company's half yearly report for the period ended 30 June 2023.

For further information, please contact:

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Chief Executive's Statement

Financial Highlights

More than 45 different hospitals and healthcare systems are at varying stages of evaluating our software, with more sites entering the sales pipeline. This step-change in pre-sales activity is approximately a seven-fold increase over previous periods and is due, in large part, to the traction gained from our platform partners including TeraRecon (Eureka) and Bayer (Calantic). These partners have the medical expertise and marketing reach to sell our technologies into large existing installed customer bases and have ample sales and marketing resources to win clients.

It is a relatively easy up-sell for IB's partners' sales teams to activate IB's technology on platforms already being used clinically. The number of sites evaluating our software continues to increase. Thus, we are optimistic about the revenue activity and anticipate a step-change starting in the 2nd half of 2023.

Phase 1 clinical trial (IB003, gallium maltolate)

Primary Objectives of the Phase 1 clinic trial:

- To determine the maximum-tolerated dose (MTD) and recommended phase 2 dose (RP2D) of gallium maltolate (GaM)
- To determine safety and tolerability of GaM

Secondary Objectives

- To preliminarily identify signals of antitumoral activity of GaM within the confines of a phase 1 study
- To determine if GaM increases progression free survival (PFS) and overall survival (OS) in patients with recurrent glioblastoma multiforme (GBM)

The Phase 1 clinical trial being conducted at the Medical College of Wisconsin (MCW, Milwaukee, WI) is generating steadily increased attention, including recent exposure on TV, focussed on the promising potential of addressing a drastically unmet clinical need for patients.

On March 11, 2022, the trial was opened for enrolment of adult patients with recurrent GBM, a devastating disease with a dismal prognosis. The goal of the phase 1 trial is to determine the MTD of GaM, the highest dose humans can take without serious side effects. Over the past 18 months, the trial's dose escalation protocol has been followed with encouraging results.

In response to how well patients are tolerating the agent and to meet the goal of the phase 1, defining the MTD, the clinical team is preparing an amendment to the original study protocol. The amendment will expand the targeted enrolment from 24 to 36 subjects and allow for continued dose escalation. The MTD determined in Phase 1 will define the "recommended phase II dose" (RP2D) that will be used in the Phase 2 trial. This amendment is the fastest and most efficient way to satisfy

phase II dose (RP2D) that will be used in the Phase 2 trial. This amendment is the fastest and most efficient way to satisfy the primary goal of the Phase 1.

Given the expanded target enrolment and assuming the strong momentum in patient enrolment continues, it is anticipated that Phase 1 will close in 2024. After enrolment closes, the last patients enrolled will remain on the trial until all required study data is collected. Analysing the data and documenting the phase 1 results is expected to be completed in the second half of 2024.

While the MTD is being determined in the final stages of Phase 1, the clinical team will complete the Phase 2 protocol. The Phase 2 trial is designed to evaluate preliminary evidence of efficacy. Ideally, the Phase II trial will open for patient recruitment in early 2025. This will be a multi-centre trial with a tentative target enrolment of approximately 65 patients over a three-year duration. The design of the Phase 2 study is currently being defined. Factors such as the Phase 1 results and whether the study will be a comparison to historical controls or if it will be randomized (comparing patients with standard treatment alone against those receiving standard treatment with GaM) will influence the overall scope and cost.

The multi-site Phase 2 trial will require new funding which we anticipate will come substantially from a partnership arrangement with a large pharmaceutical company and grants, including those from charitable foundations and other institutions. We anticipate publishing frequent updates to our shareholders as developments unfold.

We are evaluating an Early Access Program (EAP), also known as Compassionate Use, to formally provide access to the agent to a larger number of patients. The EAP would fall under the umbrella of the existing Investigational New Drug (IND) application, and it is not meant to supplant the Phase 2 trial. Instead, the data collected in the EAP would be used to augment Phase 2 data in support of regulatory approval. In addition, the EAP can be used to better understand new variables, such as using the agent in combination with other FDA approved treatments and to allow patients who otherwise may not be eligible for the phase 2, due to location or a disqualifying condition, to receive the drug. The FDA allows for cost recovery in EAPs. As an unapproved agent, patients would have to incur these costs.

Assuming positive outcomes (preliminary evidence of efficacy) during phase 2, i.e., indications of therapeutic efficacy the final and last phase, phase 3, would be open for enrolment in early 2029. Another three-year study duration is anticipated for this phase, and the data of the Phase 3 would ultimately be used for regulatory approval by the US FDA. While this timeline represents a typical pathway for new drug approvals, we are hopeful for a possible accelerated approval pathway.

In February 2023, following our application, the US FDA granted Orphan Drug Designation (ODD) status to GaM for the treatment of GBM and in June 2023, the FDA confirmed this status also applies to paediatric populations. In the US, an orphan drug is defined as one intended to treat, prevent, or diagnose rare diseases that affect less than 200,000 persons annually. Designation of a drug as an "orphan" has yielded medical breakthroughs that may not have otherwise been achieved. This is due to the various incentives and reduced fees that help companies offset the costs of development of orphan drugs, not to mention seven years market exclusivity post-approval.

While ODD is granted for GaM for the treatment of GBM, the anti-tumour mechanism of GaM, which has been explained previously, applies to other solid tumours. For example, in June 2023, two abstracts were presented at the Society of Neuro Oncology (SNO) Paediatric Conference in Washington, DC using oral GaM in that demonstrated GaM's anti-tumor mechanism in paediatric atypical teratoid rhabdoid tumor (ATRT) and glioblastoma multiforme (GBM). Each pre-clinical study, led by Dr. Mona Al-Gizawiy, PhD from the lab of Dr. Kathleen Schmainda at MCW, doubled median life expectancy. Given the ODD status for paediatric GBM and the results of these studies, we are considering a phase 1 study in children and have initiated discussions with several sites who have expressed a collaborative interest. In addition, paediatric brain tumour research and development receive significant philanthropic funding. Consortiums of non-profits exist that help fund clinical trials for children, either partially or in their entirety. We have already made connections and introduced our progress to one organization. In turn, they identified several hospitals with whom they have established relationships.

The ultimate objective of our program is to obtain regulatory approval for a medicine that could offer a positive impact on the length and quality of life for patients who otherwise have no other options. As the trial process continues, our efforts to identify and secure an accelerated regulatory approval pathway will also continue. Pathways, such as Fast Track Designation and Paediatric Rare Disease Priority Review Voucher (PRD-PRV), exist to expedite the development, review, and approval of promising drugs that treat diseases such as GBM and paediatric cancers.

Assuming the studies prove GaM to be safe and efficacious, a submission to the FDA for regulatory approval will be prepared. If granted, the Directors believe that the commercial impact would be transformational for IQAI. In the interim, subject to positive outcomes to the Phase 1 and Phase 2 trials, we expect that potential discussions with pharma partners

to become increasingly productive.

Outlook

Our objective for the remainder of the year is to convert as many of the 45 sites currently evaluating IB Software, to client status though sales and to harness the momentum from the Phase 1 clinical trial to accelerate the planning for a Phase 2 trial.

Trevor Brown
Chief Executive

Results for the 2023 interim financial period

A summary of the key financial results is set out in the table below:

	30 June 2023
	£
Revenue	**282,652**
Gross Profit	**278,610**
Operating expenses	
	(573,772)
Finance costs	**(5,311)**
Loss for the period from discontinued operations	**-**
Loss for the period	**(300,473)**

Interest

The net interest cost for the Group for the period was £5,311 (2022: £5,311).

Loss before tax

Loss before tax for the period was £300,473 (2022: £330,584).

Taxation

Taxation charge was £nil for the period (2022: £nil).

Earnings per share

Basic and diluted earnings per share for the period were 0.16p loss (2022: 0.18p loss).

Financial position

The Group's balance sheet as at 30 June 2023 can be summarised as set out in the table below:

	Net assets
	£'m
	£
Non-current assets	**669,499**
Net current liabilities	**-253,424**
Net assets and total equity	**416,075**

Cash flow

Net cash outflow for the period was £223,779 (2022: £373,854 outflow).

Consolidated Income Statement

For the six months ended 30 June 2023

	Half year ended 30 Jun 2023	(Audited) Full year ended 31 Dec 2022	Half year ended 30 Jun 2022
	£	£	£
Continuing operations			
Revenue	**282,652**	535,886	255,609
Cost of sales	**(4,042)**	(1,782)	2,457
Gross profit	**278,610**	534,104	258,066
Administrative expenses	**(573,777)**	(1,035,005)	(583,346)
Other income	**5**	10	7
Operating loss	**(295,162)**	(500,891)	(325,273)
Finance costs	**(5,311)**	(10,710)	(5,311)
Loss before income tax	**(300,473)**	(511,601)	(330,584)

Income tax	-	-	-
Loss for the year from continuing operations	**(300,473)**	(511,601)	(330,584)
Discontinued operations			
Loss for the period from discontinued operations	-	-	-
Loss for the year attributable to owners of the Company	**(300,473)**	(511,601)	(330,584)
Earnings per share attributable to owners of the Company			
From continuing operations:			
Basic & diluted (pence per share)	**(0.16)**	(0.28)	(0.18)
From discontinued operations:			
Basic & diluted (pence per share)	**(0.00)**	(0.00)	(0.00)
Total earnings per share (pence per share)	**(0.16)**	(0.28)	(0.18)

Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2023

	Half year ended 30 Jun 2023 £	(Audited) Full year ended 31 Dec 2022 £	Half year ended 30 Jun 2022 £
Loss for the period	**(300,473)**	(511,601)	(330,584)
Other comprehensive income			
Items that may be subsequently reclassified as profit or loss			
Exchange differences on translation of foreign operations	**3,241**	(2,593)	(16,956)
Total comprehensive loss for the year attributable to the owners of the Company	**(297,232)**	(514,194)	(347,540)
Total comprehensive loss for year arises from:			
Continuing operations	**(297,232)**	(514,194)	(347,540)
Discontinuing operations	**-**	-	-
	(297,232)	(514,194)	(347,540)

Consolidated Balance Sheet

As at 30 June 2023

	30 Jun 2023 £	(Audited) 31 Dec 2022 £	30 Jun 2022 £
Non-current assets			
Property, plant and equipment	**2,867**	4,233	5,426
Goodwill	**214,044**	220,224	219,263
Intangible assets	**452,588**	531,866	591,111
Total non-current assets	**669,499**	756,323	815,800
Current assets			
Trade and other receivables	**355,520**	197,273	166,025
Cash	**90,206**	313,985	354,732
Assets classified as held for sale	**-**	-	-
Total current assets	**445,727**	511,258	520,757
Current liabilities			
Trade and other payables	**699,151**	560,508	514,959
Liabilities directly associated with assets classified as held for sale	**-**	-	-
Total current liabilities	**699,151**	560,508	514,959
Net current assets/(liabilities)	**(253,424)**	(49,250)	5,798
NET ASSETS	**416,075**	707,073	821,598
Equity			
Share capital	**1,826,214**	1,826,214	1,826,214
Share premium	**20,553,499**	20,553,499	20,553,499
Capital redemption reserve	**23,616**	23,616	23,616
Merger reserve	**160,000**	160,000	160,000
Convertible loan note reserve	**223,095**	217,784	212,385
Share based payment reserve	**81,696**	81,696	71,808
Foreign currency reserve	**25,228**	21,064	(30,141)

Retained losses	**(22,477,273)**	(22,176,800)	(21,995,783)
Equity attributable to owners of the Company	**416,075**	707,073	821,598
TOTAL EQUITY	**416,075**	707,073	821,598

Consolidated statement of changes in equity

For the six months ended 30 June 2023

	Share Capital	Share premium	Capital redemption reserve	Merger reserve	Convertible loan note reserve	Share based payment reserve	Foreign currency reserve
	£	£	£	£	£	£	£
Balance at 1 January 2022	**1,825,076**	**20,547,343**	**23,616**	**160,000**	**207,024**	**71,808**	**20,973**
Loss for the year	-	-	-	-	-	-	
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(2,593
Total comprehensive loss for the year	-	-	-	-	-	-	(2,593
Shares issued	1,138	6,156	-	-	-	-	
Cost of shares issued	-	-	-	-	-	-	
Share based payments	-	-	-	-	-	9,888	
Movement in the year	-	-	-	-	10,710	-	2,684
Balance at 31 December 2022	**1,826,214**	**20,553,499**	**23,616**	**160,000**	**217,784**	**81,696**	**21,064**
Loss for the period	-	-	-	-	-	-	
Exchange differences on translation of foreign operations	-	-	-	-	-	-	3,241
Total comprehensive loss for the period	-	-	-	-	-	-	3,241
Shares issued	-	-	-	-	-	-	
Share based payments	-	-	-	-	-	-	
Movement in the period	-	-	-	-	5,311	-	923
Balance at 30 June 2023	**1,826,214**	**20,553,499**	**23,616**	**160,000**	**223,095**	**81,696**	**25,228**

Consolidated Cash Flow Statement

For the six months ended 30 June 2023

	Half year ended 30 Jun 2023	(Audited) Full year ended 31 Dec 2022	Half year ended 30 Jun 2022
	£	£	£
Cash flows from operating activities:			
Operating loss	**(300,473)**	(511,601)	(330,584)
Adjustment for:			
Depreciation and amortisation	**53,790**	140,609	69,704
Impairment of intangible assets	**-**	-	-
Fees in exchange for shares	**-**	7,293	7,293
Share based payment expense	**-**	9,888	-
Foreign exchange loss	**37,197**	(80,207)	(125,842)
Finance costs	**5,311**	10,710	5,311
Increase in receivables	**(158,247)**	(119,084)	(87,836)
Increase/(Decrease) in payables	**138,643**	167,722	122,172
Net cash used in operating activities	**(223,779)**	(374,671)	(339,782)
Cash flows from investing activities			
Purchase of equipment	**-**	(1,525)	(2,129)
Purchase of intangible assets	**-**	(38,405)	(31,943)
Net cash used in investing activities	**-**	(39,930)	(34,072)
Cash flows from financing activities			

Shares issued	-	-	-
Cost of shares issued	-	-	-
Less shares issued arising from convertible loan notes	-	-	-
Convertible loan notes	-	-	-
Unclaimed dividends	-	-	-
Interest cost	-	-	-
Net cash from financing activities	**-**	-	-
Net decrease in cash and cash equivalents	**(223,779)**	(414,601)	(373,854)
Cash and cash equivalents brought forward	313,985	728,586	728,586
Effects of exchange rate changes on cash and cash equivalents	-	-	-
Cash and cash equivalents carried forward	**90,206**	313,985	354,732

Summary of significant accounting policies

IQ-AI Limited (the "Company") is a limited liability company incorporated and domiciled in Jersey.

The financial statements are presented in pounds sterling (£) since that is the currency of the primary environment in which the Group and Company operates.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations (IFRS IC) as adopted by the European Union.

The financial statements have been prepared under the historical cost convention, as modified for the assets held for sale measured at fair value less costs to sell.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed under the heading 'Critical accounting estimates and judgements' below.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chief Executive Officer's Statement.

The current economic conditions continue to create uncertainty, particularly over (a) the level of demand for the group's products; and (b) the availability of finance for the foreseeable future. The group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that additional funding will be required either via an issue of equity or through the issuance of convertible loan notes. The Directors are reasonably confident that funds will be forthcoming if and when they are required. The Chief Executive Officer has provided a letter of financial support to the Group to make sufficient funds available, if required, to ensure the Group can meet its obligations over the going concern period.

Taking in to account the comments above, the Directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Therefore, they continue to adopt the going concern basis of accounting in preparing the financial statements

New standards, amendments and interpretations adopted by the Group and Company

The following IFRS or IFRIC interpretations were effective for the first time for the financial year beginning 1 January 2022. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements:

Standards /interpretations	Application
IAS 1 & IAS 8 amendments	Definition of Material
IFRS 3 amendments	Business Combinations
IFRS 16	Amendments to provide lessees with an exemption from assessing whether a COVID-19 related rent concession is a lease modification

New standards, amendments and interpretations not yet adopted

Standards /interpretations	Application
IAS 1 amendments	Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current. Effective: Annual periods beginning on or after 1 January 2023
IFRS 3 amendments	Business Combinations - Reference to the Conceptual Framework. Effective: Annual periods beginning on or after 1 January 2022
IFRS 7, IFRS 9, IFRS 16	Amendments regarding replacement issues in the contract of IBOR reform. Effective: Annual periods beginning on or after 1 January 2021
IFRS 16	Amended by Covid-19 Related Rent Concessions beyond 30 June 2021 (amendment to IFRS 16) Effective: Annual periods beginning on or after 1 April 2021
IAS 1 amendments	Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current. Effective: Annual periods beginning on or after 1 January 2023

There are no IFRS's or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company or Group.

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and all its subsidiaries ("the Group"). Subsidiaries include all entities over which the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control commences until the date that control ceases. Intra-group balances and any unrealised gains and losses on income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

The acquisition method of accounting is used to account for business combinations. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued, and liabilities incurred or assumed at the date of exchange, and the equity interests issued. Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date. Acquisition related costs are expensed as incurred. Where necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Investments in subsidiaries

Investments in subsidiaries are held at cost less any impairment.

Goodwill

Goodwill on acquisition of subsidiaries represents the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets and contingent liabilities acquired. Identifiable assets are those which can be sold separately, or which arise from legal rights regardless of whether those rights are separable. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is not amortised but is tested annually, or when trigger events occur, for impairment and is carried at cost less accumulated impairment losses.

Segment reporting

An operating segment is a component of the Group that engages in business activity from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions

with and of the Group's other components. All operating segments' operating results, for which discrete financial information is available, are reviewed regularly by the Group's Board to make decisions about resources to be allocated to the segment and assess its performance. As a result of the acquisition during the year, the Group reports on a two-segment basis - holding company expenses and medical software.

Foreign Currency Translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Foreign exchange gains and losses are presented in the income statement within 'finance income or costs.'

The results and financial position of Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the date of that Statement of Financial Position;
- income and expenses for each Income Statement presented are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

Intangible Assets - Intellectual property and internally generated software

Separately acquired intellectual property is shown at historic cost. Intellectual property acquired in a business combination is recognised at fair value at the acquisition date. Amortisation is calculated using the straight-line method over the estimated useful life of up to 5 years.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditure that does not meet these criteria is recognised as an expense as incurred.

Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Software development costs recognised as assets are amortised over their estimated useful lives, which do not exceed 5 years. Amortisation commences when regulatory approval is obtained, and the product is commercially available.

Impairment of Non-Financial Assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. 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 purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets

The Group classifies its financial assets in the following categories financial assets as "at fair value through profit and loss" and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. Trade receivables are held with the objective of collecting the contractual cash flows. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value, and subsequently measured at amortised cost using the effective interest method, less provision for impairment. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

Due to the short-term nature of the other current receivables, their carrying amount is considered to be the same as their fair value.

A financial asset is assessed at each reporting date to determine whether there is any evidence that it is impaired. A financial asset is considered impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Individual significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in the consolidated income statement.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with maturities of three months or less. In the consolidated Statement of Financial Position, bank overdrafts are shown within borrowings in current liabilities.

Financial liabilities and equity instruments issued by the group

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issued costs.

Non-Current Assets (or Disposal Groups) Held-for-Sale and discontinued operations

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying

amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell. A discontinued operation is a component of the Group that is classified as held for sale and that represents a separate line of business or geographical area of operations. The results of discontinued operations are presented separately in the Consolidated Income Statement.

Convertible loan notes

The convertible loan note ("CLN") is a compound financial instrument that can be converted to share capital at the option of the holder. As the CLN, and the accrued interest, can only be repaid by the issue of shares, it has been recognised in equity only, with no liability component. Interest is accounted for on an accruals basis and charged to the Consolidated Income Statement and added to the carrying amount of the equity component of the CLN.

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value, and subsequently measured at amortised cost using the effective interest method. The carrying amounts of trade and other payables are considered to be the same as their fair values.

Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects, from the proceeds.

Share-Based Payments

The Company operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the Company. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability or sales growth targets, or remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding shares for a specific period of time).

At the end of each reporting period, the group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions and service conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

When the options are exercised, the company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase in investment in subsidiary undertakings, with a corresponding credit to equity in the parent entity accounts.

The social security contributions payable in connection with the grant of the share options is considered an integral part of the grant itself, and the charge will be treated as a cash-settled transaction.

Revenue recognition

The group derives revenue from the transfer of goods and services at a point in time and over time. Revenue from external customers arise on the sales of software licences, including associated maintenance, and consultancy services.

Revenue from licence sales is measured at the agreed transaction price at a point in time. A receivable is recognised when access to the software is granted, since this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. Support and maintenance services are provided on the product supplied; this is deemed to be a separately identifiable product and is recognised over time. Revenue from consulting services are recognised in the accounting period in which the services are rendered.

Taxation

The Company is registered in Jersey, Channel Islands and is taxed at the Jersey Company standard rate of 0%. However, the Company's subsidiaries are situated in jurisdictions where taxation may become applicable to local operations.

The major components of income tax on profit or loss include current and deferred tax.

The tax currently payable is based on the taxable profit for the period using the tax rates that have been enacted or substantially enacted by the balance sheet date. Taxable profit differs from the net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Group financial statements. Deferred tax is determined using tax rates that have been enacted or substantially enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realised of the deferred tax liability is settled.

Deferred tax assets are only recognised to the extent that it is probable that future taxable profit will be available against which the asset can be utilised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited to equity, in which case the deferred tax is also dealt with in equity.

Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical Accounting Estimates and Assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Fair value measurement

Management uses valuation techniques to determine the fair value of assets held for sale. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on best observable data available as far as possible. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Critical judgments in applying the entity's accounting policies

The following are the critical judgements that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Capitalisation of internally developed software

Distinguishing the research and development phases of the software suites and determining whether the recognition requirements for the capitalisation of development costs are met requires judgement. After capitalisation, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalised costs may be impaired.

Earnings per share

Basic and diluted

Earnings per share is calculated by dividing the loss attributable to the equity holders of the Company by the weighted average number of Ordinary shares in issue during the period, excluding Ordinary shares purchased by the Company and held as treasury shares.

	Half year ended 30 Jun 2023	Audited Full year ended 31 Dec 2022	Half year ended 30 Jun 2022
Loss attributable to equity holders of the Company (£)	**(300,473)**	(511,601)	**(330,584)**
Loss from discontinued operation attributable to equity holders of the parent (£)		-	**-**
Weighted average number of shares in issue (number)	**182,621,390**	182,609,544	**182,595,616**
Loss per share (pence)			
-From continuing operations	**(0.16)**	(0.28)	**(0.18)**
-From discontinued operations	**(0.00)**	(0.00)	**(0.00)**

END

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