RNS Number : 5010F
KRM22 PLC
25 September 2024

KRM22 plc

("KRM22", the "Group" or the "Company")

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

KRM22 plc (AIM: KRM.L), the technology and software investment company, with a particular focus on risk management in capital markets, is pleased to announce its unaudited interim results for the six months ended 30 June 2024 ("H1 2024" or the "Period").

Highlights

Financial

- Annualised Recurring Revenue* ("ARR") of £6.0m at 30 June 2024 (H1 2023: £4.9m) - growth of 22.4%
  - New contracted ARR in the period of £1.1m (H1 2023: £0.4m)
  - Total ARR attributable to the relationship with Trading Technologies International, Inc. ("TT") of £0.8m (H1 2023: £0.2m)
- Total revenue recognised of £3.3m (H1 2023: £2.4m) - growth of 37.5%
- Adjusted EBITDA profit** of £0.3m (H1 2023: loss of £1.0m)
- Loss before tax of £1.3m (H1 2023: loss before tax of £2.3m)
- Gross cash and cash equivalents at 30 June 2024 of £0.6m (FY 2023: £0.9m), together with the availability of £0.5m, which remains undrawn, under the TT convertible loan the Company has available funding of £1.1m

Operational

- Launch of Risk Manager application with first sales of the application in H1 2024
- Group restructure and rationalisation during the Period to implement a focused cost savings programme, with annual cost savings of £1.2m
- Board changes announced with the appointment of Dan Carter as CEO and Garry Jones as Non-Executive Chairman, replacing Stephen Casner and Keith Todd respectively, with Keith Todd remaining on the Board as Executive Director

Post-Period Events

- Growth in ARR to £6.3m from a further two new contracts, for the Limits Manager and Risk Manager applications, and a three year renewal of an existing customer for the Market Surveillance application

** Annualised Recurring Revenue (ARR) is the value of contracted Software-as-a-Service (SaaS) revenue normalised to a one year period and excludes one time fees.*
*** Adjusted EBITDA is the reported loss for the period, adjusted for recurring non-monetary costs including depreciation, amortisation, unrealised foreign exchange loss and share-based payment (credit)/charges and non-recurring costs, both monetary and non-monetary, including Company reorganisation costs, former director separation costs, loss on disposal of tangible assets, gain on extinguishment of debt and acquisition, funding and debt related costs.*

Commenting on the results, CEO of KRM22, Dan Carter, said:

"These results, with £1.1m of new ARR and an adjusted EBITDA profit of £0.3m, demonstrate that KRM22 is firmly on track to achieving our full year expectations and our journey of creating a cash generative and profitable business. The growth in

ARR, driven primarily by the Risk Manager and Limits Manager applications, is demonstration that there is demand for our applications as we look to cement our position as the industry standard. The pipeline of sales opportunities remains encouraging giving us real excitement as we look to close out 2024 and move into next year."

This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("MAR"), and is disclosed in accordance with the Company's obligations under Article 17 of MAR.

For further information please contact:

KRM22 plc
InvestorRelations@krm22.com
Garry Jones, Non-Executive Chairman
Dan Carter, CEO
Kim Suter, CFO

Cavendish Capital Markets Limited (Nominated Adviser and Broker) +44 (0)20 7220 0500
Carl Holmes / Rory Sale
Sunila de Silva (ECM)

About KRM22 plc

KRM22 is a closed-ended investment company which listed on AIM on 30 April 2018. The Company has been established with the objective of creating value for its investors through the investment in, and subsequent growth and development of, target companies in the technology and software sector, with a focus on risk management in capital markets.

Through its investments and the Global Risk Platform, KRM22 helps capital market companies reduce the cost and complexity of risk management. The Global Risk Platform provides applications to help address firms' trading and corporate risk challenges and to manage their entire enterprise risk profile.

Capital markets companies' partner with KRM22 to optimise risk management systems and processes, improving profitability and expanding opportunities to increase portfolio returns by leveraging risk as alpha.

KRM22 plc is listed on AIM and the Group is headquartered in London, with offices in several of the world's major financial centres.

See more about KRM22 at www.krm22.com

CEO'S REPORT

The Company made significant progress in the first half of 2024 with Annual Recurring Revenue ("ARR") increasing to £6.0m at 30 June 2024, with this further increasing to £6.3m at the time of writing. The growth in ARR was driven in the main by £1.1m, and £1.4m as at time of writing, in new contracted sales, a number that surpasses all of our previous annual new sales records, a fantastic achievement. Continued investment and development in our software offering has allowed us to make significant progress with our overall product strategy. We continue to manage levels of customer churn and the underlying cost base of the business, all driving towards becoming a cash flow positive and profitable business and our target of £10.0m ARR being firmly in our sights.

Revenue growth

KRM22 added £1.1m in new ARR in the Period, with £0.9m from new contracts and £0.2m from extensions to existing contracts, from both direct sales and the relationship with Trading Technologies International, Inc. ("TT").

The growth in ARR was primarily driven by sales of the Risk Manager (53%) and Limits Manager (43%) applications. This growth validates the decision to rebuild the Pre-Trade, At-Trade and Post-Trade legacy applications, together with additional Value at Risk ("VaR") functionality, into the new technology stack offered by the Global Risk Platform. The integration of the Risk Manager and Limits Manager applications allows firms to gain complete control of their risk management processes technologically, syncing live risk data with limits set on the trading applications and exchanges, something that has never been done before and that we expect will drive further growth in ARR with existing customers as they adopt both applications from us in the future.

As at the date of this report, we now have three customers using the Risk Manager application, two using the KRM22 GUI and one using the API service which delivers risk metrics out for consumption on the client side. In addition, we have active engagements with our existing At-Trade and Post-Trade customers to migrate them to the new Risk Manager application. Limits Manager continues to be the market leader, and we now have nine Futures Commissions Merchants ("FCMs") using the application.

Our partnership with TT continues to deepen to allow for KRM22's Market Surveillance human calibrated alert tools to be integrated into TT's own surveillance product, the integrated offering is now available for TT customers. The Risk Manager application is expected to be added before the end of 2024 allowing TT customers to deploy the Risk Manager application direct on the TT platform. Both the TT Surveillance and Risk Manager applications are expected to generate new ARR opportunities in 2025. At the date of this report, the total amount of ARR attributable to the relationship with TT, is £0.9m.

The delivery of the highest standards of service are critical and the Customer Services team continues to deliver these high standards to maintain customer churn at manageable levels. At the start of the 2024, there was £2.9m of contracted ARR that was subject to renewal over the next 12 months and it was therefore always going to be a challenge to retain all ARR with no churn. Whilst it is unfortunate that there have been some unexpected losses in the Period, with total churn in the Period of £0.4m, and a further £0.1m of churn that has already been communicated in the second half of 2024, there remains £0.7m of ARR, of which £0.3m relates to legacy customers on rolling monthly contracts, that is subject to renewal as we approach the end of 2024. The value of ARR contracts that are subject to renewal in 2025 is substantially lower than 2024 so we remain positive that churn will be kept under control moving forwards.

Company reorganisation

In January 2024 we implemented a focused cost saving program with annual cost savings of approximately £1.2m to accelerate the Company's path to profitability. The cost savings were from staff redundancies, spread across different functions and geographical locations in which KRM22 operates, which has had minimal impact on operations as the savings were derived from operational synergies and a reduction in contracted development resource as specific projects neared their completion.

Products

Having simplified KRM22's product offering in 2023 into two key distinct areas of risk, Trading Risk and Compliance Risk, we set about investing in the core functionality within the applications in 2024.

Limits Manager

As Limits Manager moves through its product lifecycle, and its initial growth phase, the focus has been on delivering key functionality to benefit end users to provide more efficiencies for firms and their execution services and risk teams. Enhancements to the client portal, which allow firms to provide access of the front-end of the application to their end client, were delivered whilst the ability to enrich the dataset available via the API with external data has enhanced the power of the audit trail. Automation features that were added in 2023 have been enhanced in the Period with additional ISV and exchange integrations, via API and file-based transfers, added to the application.

Risk Manager

The creation of Risk Manager, bringing real-time P&L, Margin, Stress scenario analysis and VaR together in one application was completed in 2023 and 2024 has allowed us to focus on core functionality and data processing within the application, ensuring effective delivery of three customer deployments. We have also added numerous front-end GUI enhancements, aimed at ensuring the functional aspects of the legacy At-Trade and Post-Trade applications are available in the new application. We will continue to develop the application with a customer-led product roadmap, ensuring that functions needed by firms risk managers are delivered within the application.

Integration of Limits Manager and Risk Manager

As firms begin to see the power of integrated Limits Manager and Risk Manager applications, we have continued to enhance and test this feature set throughout the Period. The integration of both applications allows risk managers to review key risk metrics from Risk Manager and display it alongside the limit changes raised by a client within Limits Manager. When the risk team approves the change, these values will be stored in the audit trail - a crucial view of what standing the account was in and why the decision was made at that time which will ultimately provide risk teams with more visibility and information in real-time when making these key decisions.

Market Surveillance
We continue to enhance the Market Surveillance application with new alerts, including Spoofing by Order Depth, Cross Trades and Gilt Closing alongside key functional changes. We now have over 80 alert types available to customers in the application.

Developing an API, where results from the application can be consumed outside the KRM22 GUI, was a key area of development that supports our integration with TT Surveillance, TT's own surveillance application, which is a AI/ML based model, with KRM22's human calibrated alerting tool, allows compliance officers to ensure their calibrations are valid. This integrated offering has been released by TT in the second half of 2024 to market and sell directly. The project has already generated ARR and non-recurring revenue for KRM22 and the integrated product will generate further revenue for KRM22, through a revenue share model, once product sales crystalise for TT.

Outlook
We have continued to make good progress in the year towards our 2024 full year expectations with ARR now at £6.3m from £5.4m at the start of the year. The continued adoption of Limits Manager and Risk Manager demonstrates that there is clear demand and appetite for these applications, both individually and as integrated applications. We are seeing an increased level of demand with firms that previously had no desire to change systems, namely during and immediately after the coronavirus pandemic, starting to look at newer technologies and where they can help. This is encouraging for us as we progress through the remainder of 2024 and move into 2025.

Our progress keeps us firmly on track towards becoming a £10.0m ARR business generating positive EBITDA and cashflows. The pipeline of sales opportunities remains strong and the reorganisation of our workforce in early 2024 has been successfully implemented, without any adverse impact to service levels, as we manage the cost base of the business and move towards positive cashflows.

Dan Carter
CEO
24 September 2024

FINANCIAL REVIEW

Income statement

Total revenue
Total revenue reported in the period was £3.3m (H1 2023: £2.4m), an increase of 37.5% compared with the prior period, with 89.1% (H1 2023: 93.7%) generated from recurring customer contracts. Non-recurring revenue for the period was £0.4m (H1 2023: £0.2m) and related principally to customer implementations, proof of concept work and development services.

Recurring revenue
As at 30 June 2024, the Group had contracted Annualised Recurring Revenue ("ARR") of £6.0m (H1 2023: £4.9m), with new contracted ARR in the period of £1.1m (H1 2023: £0.4m) and churn of £0.4m (H1 2023: £0.1m). As at the date of this report, contracted ARR has further increased to £6.3m.

Gross profit
Gross profit for the period was £2.7m (H1 2023: £1.8m) with gross profit margin for the period of 81.8% (H1 2023: 75.5%). The increase in gross profit margin was driven by the increased amount of non-recurring revenue recognised in the Period.

Adjusted EBITDA
Adjusted EBITDA is a key metric to consider in order to understand the cash-profitability of the business due in particular to the non-cash items that impact the Income Statement under IFRS accounting, such as non-cash share-based costs.

Adjusted EBITDA for the period was a profit of £0.3m (H1 2023: loss of £1.0m) and a reconciliation of adjusted EBITDA profit to operating loss is detailed below.

	H1 2024 £'m	H1 2023 £'m
Adjusted EBITDA profit/(loss)	**0.3**	**(1.0)**
Depreciation and amortisation	(0.8)	(0.8)
Unrealised foreign exchange loss	-	(0.5)
Gain on extinguishment of debt	-	0.1
Share-based payment credit/(expense)	0.1	-
Reorganisation costs	(0.6)	-
Operating loss	**(1.0)**	**(2.2)**

Loss for the period

Reported operating loss for the period was £1.0m (H1 2023: loss of £2.2m) and included one off costs of £0.6m relating to reorganisation costs covering redundancy and separation costs associated with the cost savings programme implemented in January 2024 and separation costs associated with Executive changes announced in March 2024.

Finance charges

The net finance expense for the period was £0.3m (H1 2023: £0.2m) principally related to loan interest (H1 2023: loan interest of £0.1m and IFRS16 lease liability interest of £ 0.1m)

Financial position

Assets

The cash balance at 30 June 2024 was £0.6m (31 December 2023: £0.9m).

The Company's cash balance of £0.6m, together with the availability of £0.5m, which remains undrawn, under the TT convertible loan provides Company with available funds of £1.1m.

Current assets at 30 June 2024 include trade and other receivables of £1.2m (31 December 2023: £1.1m).

Liabilities

As at 30 June 2024, our principal liabilities were:

- £4.5m convertible loan (the "TT Convertible Loan") owed to TT plus accrued interest of £0.5m. £0.5m of the TT Convertible Loan remains undrawn but available.
- £0.6m (US 0.8m) deferred consideration for earn out payments for the acquisition of Object+. The liability can be satisfied in either cash or Company ordinary shares at the Company's discretion.
- £0.3m for the right of use assets relating to all future payments of leased-office rentals under IFRS16 'Leases' whereby such lease payments are provided for at today's value. At 30 June 2024, KRM22 had one remaining lease in London which expired in August 2024 and the liability of £0.3m is associated with a lease that expired in 2022.
- £2.8m of deferred revenue; contracted and paid services that will be released within one year.

Principal risks and uncertainties

The principal risks and uncertainties facing the Group remain broadly consistent with the Principal Risks and Uncertainties reported in the Group's 31 December 2023 Annual Report and continue to be carefully monitored by the Board.

Kim Suter

CFO

24 September 2024

Consolidated income statement and statement of comprehensive income

Consolidated income statement and statement of comprehensive income

for the six months ended 30 June 2024

	Note	6 months to 30 June 2024 (unaudited) £'000	6 months to 30 June 2023 (unaudited) £'000
Revenue	4	3,293	2,402
Cost of sales		(574)	(588)
Gross profit		2,719	1,814
Other income		73	69
Administrative expenses		(3,794)	(4,047)
Operating profit/(loss) before interest, taxation, depreciation, amortisation, share based payment and exceptional items ("Adjusted EBITDA")		333	(983)
Depreciation and amortisation		(836)	(790)
Debt related expenses		-	(2)
Loss on disposal of tangible assets		-	(1)
Unrealised foreign exchange loss		(8)	(477)
Gain on extinguishment of debt		-	127
Share-based payment credit/(expense)		92	(38)
Reorganisation costs		(583)	-
Operating loss		(1,002)	(2,164)
Net finance charge		(262)	(155)
Loss before taxation		(1,264)	(2,319)
Taxation credit		40	68
Loss for the period		(1,224)	(2,251)
Loss for the period attributable to:			
Equity shareholders of the parent		(1,224)	(2,251)
		(1,224)	(2,251)
Other comprehensive income			
Item that may be reclassified subsequently to profit and loss			
Exchange gain on translating foreign operations		12	329
Total comprehensive loss for the period		(1,212)	(1,922)
Total comprehensive loss for the period attributable to:			
Equity shareholders of the parent		(1,212)	(1,922)
		(1,212)	(1,922)
Loss per ordinary share			
Basic and diluted earnings per share	5	(3.4p)	(6.3p)

All amounts relate to continuing activities.

Interim consolidated statement of financial position

at 30 June 2024

	30 June 2024 (unaudited) £'000	31 December 2023 (audited) £'000
Assets		
Non-current assets		
Goodwill	3,497	3,516
Other intangible assets	2,156	2,105
Property, plant and equipment	13	21
Right of use assets	19	136
	5,685	5,778
Current assets		
Trade and other receivables	1,232	1,142
Cash and cash equivalents	629	886
	1,861	2,028
Total assets	**7,546**	**7,806**
Current liabilities		
Trade and other payables	4,781	3,900
Lease liabilities	285	369
Loans and borrowings	552	391

Derivative financial liability	196	196
	5,814	4.856
Net current liabilities	**(3,953)**	**(2,828)**
Non-current liabilities		
Loans and borrowings	3,988	3,887
Deferred tax liability	30	164
	4,018	4,051
Total liabilities	**9,832**	**8,907**
Net Assets	**(2,286)**	**(1,101)**
Equity		
Share capital	3,581	3,567
Share premium reserve	20,622	20,517
Merger reserve	(190)	(190)
Convertible debt reserve	327	327
Foreign exchange reserve	(102)	(114)
Share-based payment reserve	2,853	2,945
Retained losses	(29,377)	(28,153)
Total equity	**(2,286)**	**(1,101)**

Interim consolidated statement of cash flows

for the six months ended 30 June 2024

	6 months to 30 June 2024 (unaudited) £'000	6 months to 30 June 2023 (unaudited) £'000
Cash flows from operating activities		
Loss for the period	(1,224)	(2,251)
Adjustments for:		
Tax credit	(40)	(68)
Net finance expense	262	155
Depreciation and amortisation	836	790
Loss on disposal of tangible assets	-	1
Gain on extinguishment of debt	-	(127)
Debt related expenses	-	(149)
Unrealised foreign exchange loss	8	477
Equity-settled share-based payment (credit)/expense	(92)	38
	(250)	(1,134)
(Increase)/decrease in trade and other receivables	(90)	654
Increase/(decrease) in trade and other payables	834	(242)
	744	412
Net cash inflows/(outflows) used in operating activities	**494**	**(722)**
Cash flows from investing activities		
Purchases of intangible assets	(624)	(490)
Purchases of property, plant and equipment	(9)	(4)
Net cash used in investing activities	**(633)**	**(494)**
Financing activities		
Lease payments principal	(116)	(114)
Lease payments interest	(3)	(11)
Receipts from borrowings	-	4,000
Interest paid	-	(208)
Repayment of borrowings	-	(3,000)
Net cash (used in)/from financing activities	**(119)**	**667**
Net decrease in cash and cash equivalents	**(258)**	**(549)**

Cash and cash equivalent at beginning of the period	**886**	**1,900**
Effect of foreign exchange rate changes	1	-
Cash and cash equivalent at end of the period	**629**	**1,351**

Notes to the interim financial information

1. General information

KRM22 Plc (the "Company") is a public limited company incorporated in England and Wales on 2 March 2018 under registration number 11231735. The address of its registered office is 8th Floor, Capital House, 84 - 86 King William Street, London, EC4N 7BL. The Company listed on the London Stock Exchange on 30 April 2018.

The principal activity the Company and together with its subsidiaries (the "Group") is to develop and invest in leading risk tools to support regulatory, market, technology and operational risks.

The Board of Directors approved this interim report on 24 September 2024.

2. Basis of preparation and consolidation

These interim consolidated financial statements have been prepared using accounting policies based on International Financial Reporting Standards (IFRS and IFRIC Interpretations) issued by the International Accounting Standards Board ("IASB") in conformity with the requirements of the Companies Act 2006. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 31 December 2023 Annual Report. The financial information for the half years ended 30 June 2024 and 30 June 2023 does not constitute statutory accounts within the meaning of Section 434 (3) of the Companies Act 2006 and both periods are unaudited.

The annual financial statements of KRM22 Plc (the "Group") are prepared in accordance with IFRS. The statutory Annual Report and Financial Statements for 2023 have been filed with the Registrar of Companies. The Independent Auditors' Report on the Annual Report and Financial Statements for the year ended 31 December 2023, which was unqualified, did draw attention to a material uncertainty, being going concern and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

The Group has applied the same accounting policies and methods of computation in its interim consolidated financial statements as in its 31 December 2023 annual financial statements, except for those that relate to new standards and interpretations effective for the first time for periods beginning on (or after) 1 January 2024 and will be adopted in the 2024 financial statements. There are deemed to be no new and amended standards and/or interpretations that will apply for the first time in the next annual financial statements that are expected to have a material impact on the Group.

3. Going concern

In carrying out the going concern assessment, the Directors have undertaken a significant assessment of the cashflow forecasts for the next twelve months. Cashflow forecasts have been prepared based on a range of scenarios including, but not limited to, existing customer churn at different churn rates, no new contracted sales revenue, delayed sales and a combination of these different scenarios.

Having assessed the sensitivity analysis on cashflows, the key risks to KRM22 remaining a going concern and not being in breach of the financial covenants associated with the TT Convertible Loan is existing customers paying on payment terms and within 45 days of invoice, customer churn of up to 10%, conversion of some of the sales opportunities that are currently at contract negotiation stage and maintaining control of the cost base.

The time to close new customers and the value of each customer, which are deemed individually as high value and low volume in nature, is key to the forecast being achieved and KRM22 continuing to operate within its existing facilities, this being KRM22's current cash balance and the ability to drawdown on the remaining funds available through the TT

Convertible Loan. However, even if the forecast is achieved, there remains a material uncertainty around KRM22 operating within the financial covenants associated with TT Convertible Loan. The TT Convertible Loan includes financial covenants, reported at the end of each quarter, based on the Group's financial performance and there is a risk that KRM22 breaches the Cash Covenant, which requires KRM22 to retain a minimum amount of cash, on the 31 December 2024, 31 March 2025 and 30 June 2025 measurement dates. Failure to comply with a financial covenant will result in an Event of Default which may result in TT withdrawing the TT Convertible Loan with all accrued amounts becoming immediately due and payable which would result in KRM22 becoming insolvent.

In May 2024 the Board have received a letter of support from TT that they would be willing to enter into discussions with KRM22 around amending the terms of the TT Convertible Loan to ensure that KRM22 does not breach the Cash Covenant. Conversations between KRM22 and TT around amending the terms are ongoing however amendments could include, but are not limited to, reducing the value of the Cash Covenant at each measurement date so that KRM22's cash exceeds the minimum cash requirement on each measurement date, and deferring the accrued interest payments that are due on 31 December 2024, 31 March 2025 and 30 June 2025 to a later date. If the terms of the TT Convertible Loan are not amened, KRM22 would be obliged to seek alternative resolution including implementing extensive cost reduction measures.

The Directors have concluded that the circumstances set forth above indicates the existence of a material uncertainty that may cast significant doubt on KRM22's ability to continue as a going concern. However, given KRM22's forecast, visible sales pipeline, working capital needs and letter of support from TT, the Directors have considered it appropriate to prepare the interim financial statements on a going concern basis and the interim financial statements do not include the adjustments that would be required if KRM22 were unable to continue as a going concern.

4. Revenue (and segmental reporting)

The Board of Directors, as the chief operating decision maker in accordance with IFRS 8 Operating Segments, has determined that KRM22 have identified two areas of risk management as operating segments, together with a third segment where the two areas of risk management are not easily separable, however for reporting purposes into a single global business unit and operates as a single operating segment, as the nature of services delivered are common.

The Directors consider that the business has two areas of risk management: Trading Risk and Corporate Risk. Within these segments, there are two revenue streams with different characteristics, which are generated from the same assets and cost base.

	6 months to 30 June 2024 (unaudited) £'000	**6 months to 30 June 2023 (unaudited) £'000**
Recurring	2,935	2,251
Non-recurring revenue	358	151
Total	3,293	2,402

KRM22's revenue from external customers by geography and risk domain is detailed below:

	6 months to 30 June 2024 (unaudited) £'000	**6 months to 30 June 2023 (unaudited) £'000**
UK	1,127	897
Europe	346	398
USA	1,654	944
Rest of world	166	163
Total	3,293	2,402

	6 months to 30 June 2024 (unaudited) £'000	6 months to 30 June 2023 (unaudited) £'000
Trading Risk	1,666	1,197
Corporate Risk	1,503	1,113
Multiple Risk	31	80
TT Platform	93	12
Total	3,293	2,402

5. Loss per share

Basic earnings per share is calculated by dividing the loss attributable to the equity holders of KRM22 by the weighted average number of shares in issue during the period.

KRM22 has dilutive ordinary shares, this being warrants and options granted to employees. As KRM22 has incurred a loss in both periods, the diluted loss per share is the same as the basic earnings per share as the loss has an anti-dilutive effect.

	6 months to 30 June 2024 (unaudited) £'000	6 months to 30 June 2023 (unaudited) £'000
Loss for the period attributable to equity shareholders of the parent	(1,224)	(2,251)
Basic weighted average number of shares in issue	35,727,187	35,666,336
Diluted weighted average number of shares in issue	46,263,507	46,958,070
Basic and diluted loss per share	(3.4p)	(6.3p)

6. Intangibles

The Group capitalised £0.6m of costs (H1 2023: £0.5m, FY 2023: £1.1m) representing the development of KRM22's applications during the period, resulting in a net book value of £1.6m (H1 2023: £1.3m, FY 2023: £1.4m) after an amortisation and impairment charge of £0.5m (H1 2023: £0.4m, FY 2023: £0.9m).

7. Cautionary statement

This document contains certain forward-looking statements relating to KRM22 plc (the "Group"). The Group considers any statements that are not historical facts as "forward-looking statements". They relate to events and trends that are subject to risk and uncertainty that may cause actual results and the financial performance of the Group to differ materially from those contained in any forward-looking statement. These statements are made by the Directors in good faith based on information available to them and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

Copies of this report and all other announcements made by KRM22 plc are available on the Company's website at https://krm22.com/investors