RNS Number : 9680J
Rosslyn Data Technologies PLC
29 October 2024

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Rosslyn Data Technologies plc
("Rosslyn", the "Company" or the "Group")

Final Results
and Publication of Annual Report

Rosslyn (AIM: RDT), the provider of a leading cloud-based enterprise spend intelligence platform,announces its final results and gives notice of the publication of its annual report for the year ended 30 April 2024.

Financial summary*

- Revenue of £2.9m (2023: £3.0m)
- Gross margin was 38.8% (2023: 34.7%)
- Operating expenses were £4.7m (2023: £3.8m)
- Adj. EBITDA** of £2.5m loss (2023: £2.0m loss)
- Net cash used in operating activities was £2.2m (2023: £2.7m)
- Cash burn rate was £218k per month (2023: £205k)
- Cash and cash equivalents of £646k as at 30 April 2024 (30 April 2023: £767k); post year end, Rosslyn raised £3.1m through the issue of new ordinary shares and convertible loans and the Group's Chairman confirmed his intent to subscribe for an additional £264k following the release of the Group's full year results

* The 2023 comparatives are for continued operations only (see note 5)
** A reconciliation of adjusted EBITDA loss can be found in the Financial Review

Operational summary

- Performance against operational key performance indicators ("KPIs"):
  - Annual recurring revenue ("ARR") of £2.3m (2023: £2.4m), representing ARR reduction of -4% (2023: 8% growth)
  - Total pipeline as at 30 April 2024 was £3.3m (30 April 2023: £3.6m) and weighted pipeline was £1.3m (30 April 2023: £1.1m)
- Launched new AI-powered classification solution - now live with four customers
- New contracts won with a blue-chip European med-tech company and international transport consultancy
- Implemented key operational enhancements to drive margin improvement
- Secured, post year end, a major new client that is a leading global technology company and household name

Paul Watts, CEO of Rosslyn, said:

"*Following a period of significant transition as we transformed our business - having reset our strategy, had that strategy validated and established the foundations to execute - we believe that we are now at an inflection point. We are particularly pleased with the progress that we have made with our AI-powered solution, AiCE - and the contribution our AI development made to securing our major new client win, which is of substantial significance and a further validation of our strategy.*

"Looking ahead, we are now ramping up our sales & marketing activities following our recent fundraise, particularly to support the commercial launch of AiCE, which marks our transition to delivering 'spend intelligence' and going beyond spend analytics or data visualisation. By unlocking the value of data that sits across the supply chain, we can provide the strategic insights that are required by procurement teams today. Accordingly, and with our recent fundraise and the improvements made to our operational model during the year, we remain greatly excited about Rosslyn's prospects."
This announcement contains inside information as stipulated under the Market Abuse Regulations (UK MAR).

Enquiries

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About Rosslyn

Rosslyn (AIM: RDT) provides an award-winning spend intelligence and predictive analytics platform. The Rosslyn Platform helps organizations with diverse supply chains mitigate risk and make informed strategic decisions. It leverages automated workflows, artificial intelligence and machine learning to extract and consolidate procurement data providing visibility of complex supplier data, enabling supplier spend savings and delivering rapid ROI. For more information visit www.rosslyn.ai. Investors wishing to contact the Company should email investors@rosslyn.ai.

Operational Review

During the year, Rosslyn's focus was on the modernisation of its technology, particularly with the development and launch of its artificial intelligence ("AI") solution, and securing some very large enterprise partnerships. In particular, the Group's AI development work made an important contribution to securing, post year end, a major new client win. The Group also implemented changes to its operating model to better position Rosslyn for sustainable growth going forward. This was undertaken against a backdrop of needing to maintain tight cost control and, accordingly, allocating resources to prioritise investment in what the Board believes to be transformational opportunities for Rosslyn.

Customer wins

Rosslyn secured two new contracts during the year worth £422k in aggregate over a multi-year period and equating to an additional £120k in annual recurring revenue. The contracts are with a blue-chip European med-tech company, which sells its products via its 9,000+ shops and outlets in over 20 countries, and an international consultancy that provides services and solutions to the transport industry and is utilising the Rosslyn platform on behalf of a UK train operating company.

During the year, the Group made a substantial resource investment towards securing its major new client win, with the contract signed post year end. The customer, headquartered in the US, is one of the world's largest technology companies, a global household name and one of the top-10 Fortune 100 companies. As noted above, a key consideration in Rosslyn's appointment, which followed an extensive nine-month competitive tender process, was the development work being undertaken to automate the data classification process and to establish an enterprise-grade procurement data lake. To be appointed by an organisation of this magnitude is, the Board believes, a significant endorsement of Rosslyn's offering. The initial three-year contract, which is of significant commercial value, also brings further possible growth opportunities through expansion into the customer's other divisions and operations beyond the central procurement department.

Partnerships

The Group continued to make progress on its renewed go-to-market approach centred on a partner model. With Chain IQ, a business process outsourcing partner, Rosslyn completed an extensive process of aligning ChainIQ's business model with the Group's technology value add to the point that the Rosslyn solution is now strategically embedded in all of ChainIQ's offerings. The Group is already beginning to see transaction volumes significantly increase as a result of this.

Rosslyn significantly enhanced its relationship with a global consulting partner. The Group is in advanced negotiations, after a lengthy and competitive tender process, to replace the internal spend intelligence tool of this partner, which is one of the world's five largest consulting firms. The partner has also already introduced Rosslyn to a number of new business opportunities, and the Group expects to sign the first customer in the near term. As with Rosslyn's aforementioned major new client win, the sales and implementation cycles with partners such as these are complex and prolonged - commensurate with their size and growth potential.

Rosslyn is also in the process of establishing a new type of partnership that will allow it to offer strategic procurement consulting services, focusing on matters such as tail spend management, maverick spend management and vendor consolidation. This would be a value-add service for Rosslyn customers that the Group would deliver via partnership with best-of-breed boutique consulting practices. This also forms part of Rosslyn's evolution from providing spend visibility to spend intelligence and facilitating impact realisation.

Platform

An important part of Rosslyn's activities during the year, and which was completed subsequently, was the work undertaken to modernise the platform architecture and to make it as AI-ready as possible. This has included, for example, transitioning to running on more scalable serverless platforms rather than traditional virtual machines. Through this exercise, Rosslyn has increased platform efficiency, which will reduce operating costs while enhancing reliability and robustness. It is also what enabled the Group to launch and bring to market its first generation of AI solutions.

AI innovation

The most significant development during the year was the launch of Rosslyn's AI solution, its Artificial Intelligence Classification Engine ("AiCE"). After a successful proof-of-concept, AiCE became operational with a first customer in April 2024, which, since year end, was expanded to four customers. Thanks to the calibre of Rosslyn's client base, the solution has been stress tested and proven by substantial enterprises - attesting to its strength. It has now been made commercially available as an additional classification-as-a-service module, and Rosslyn expects to receive its first revenue by the end of the current financial year.

With AiCE, Rosslyn is aiming to unlock the asset value of the data that sits across a customer's supply chain by using technology to make it procurement-relevant. The data often sits across multiple systems and has not been classified - essentially, indexed - in a format that can be interrogated and leveraged by procurement teams. AiCE automatically generates the categorisations and classifications of extracted procurement data. Automating this process significantly increases accuracy, expands the volume and complexity of data that can be incorporated and therefore shortens the time to insight. It also reduces the need for time-consuming ongoing manual maintenance of classification rules and frameworks. The Group's aim is to build the most automated, dynamic technology, and establish Rosslyn as the leading provider, for data classification and enterprise customer taxonomy management.

Looking further ahead, the Group's plan is to innovate on top of this architecture with next-generation AI technology that can generate intelligent - or predictive - insights. By building an enterprise-grade procurement data lake and integrating with third-party sources, Rosslyn will be able to provide a far more interactive, data-led means of driving procurement strategy and unlock insights extending beyond pure savings - looking at sustainability, diversity and, ultimately, supply chain transformation.

Customer Success

Rosslyn continued to invest in its Customer Success function - building on the significant work undertaken in the previous year. This is helping the Group to transform the customer journey, which is enabling the generation of larger commercial returns from each customer - through the up-sell or cross-sell of new product modules and providing more value realisation. The Group has also introduced the Customer Success function as an additional chargeable service, which creates value for customers by enabling them to maximise their use of the Rosslyn platform and more effectively identify risk in the supply chain.

Financial Review

While still at the relatively early stages of implementing its renewed strategy, the actions that the Group has taken during the year to improve its financial position are beginning to bear fruit. In particular, gross margin was significantly increased through adjusting its professional services fees. Alongside this, an in-depth internal project was conducted to increase platform efficiency, which will result in reduced costs going forward. As the business expands, the Group will benefit from a number of economies of scale, such as being able to increase its Azure platform usage by up to 50% without incurring additional cost. The Group also took a strategic decision to prioritise quality of revenues. As a result, and alongside the recent fundraising, the Board believes the Group is positioned for sustainable growth.

Revenue

Revenue for the year was £2.9m (2023: £3.0m), of which £2.3m was annually recurring revenue ("ARR") compared with £2.4m in 2023. The reduction reflects the Group's strategic decision to exit unprofitable business lines and the protracted timelines associated with contract negotiations for the sizable new opportunities that have been secured.

The Group's revenue comprises the annual licence fee - software revenue - that customers are charged for having access to the Rosslyn platform and professional services fees for work undertaken to tailor the Group's solution to align with customers' infrastructure or meet specific additional solution requirements. Software revenue continued to be the main contributor to revenue, generating £2.3m (2023: £2.4m) and accounting for 79% of total revenue (2023: 80%). Professional services revenue remained stable at £0.6m (2023: £0.6m), and accounted for 21% of total revenue (2023: 20%).

Gross profit

Gross margin improved to 38.8% (2023: 34.7%), primarily reflecting the introduction during the year of increased pricing for the Group's professional services work to appropriate market levels, which applies to new and renewed customer contracts. As a result of the improved gross margin, gross profit increased to £1.1m (2023: £1.0m).

Operating expenses

Operating costs were £4.7m (2023: £3.8m). This primarily reflects administrative expenses being higher at £4.1m (2023: £3.4m) as Rosslyn began to rebuild the business. Depreciation and amortisation expenses were £0.4m (2023: £0.4m), relating to the amortisation of development costs relating to the continued upgrading of the platform.

Profitability measures

Adjusted EBITDA* loss was £2.5m (2023: £2.0m loss) as set out in the table below:

	2024	**2023**
	£'000	**£'000**
Revenue	2,854	3,012
Gross profit	1,108	1,044
Operating loss	(3,543)	(2,793)
EBITDA Adjustments:		
Depreciation	35	19
Amortisation	396	268
Share-based payments	96	89
Exceptional items	499	260
Adjusted EBITDA*	**(2,517)**	**(2,048)**

**Adjusted EBITDA is defined as earnings before interest, taxation, depreciation, amortisation, exceptional items and share-based payments. The change in the value of share-based payments is adjusted when calculating the Group's adjusted EBITDA as it has no direct cash impact on financial performance. Adjusted EBITDA is considered a key metric to the users of the financial statements as it represents a useful milestone that is reflective of the performance of the business resulting from movements in revenue, gross margin and the costs of the business removing exceptional items (£195k relating to old contractual issues, £30k relating to management consultancy costs, employment restructuring costs of £190k and £84k relating to the surrender of a lease), which are believed to be not representative of the ongoing business.*

Operating loss was £3.5m (2023: £2.8m loss). The increase in operating loss and adjusted EBITDA loss reflects the higher operating expenses.

Loss before tax for the year was £3.6m (2023: £2.8m loss). The Group had receivable tax credits of £235k (2023: £664k). As a result, net loss for the year was £3.4m (2023: £2.1m loss).

In addition, in the previous year the Group generated profit of £2.5m from discontinued operations (2024: £nil). Accordingly, total comprehensive loss for 2024 was £3.4m compared with total comprehensive income of £0.4m for 2023.

Cash flow and liquidity

Net cash used in operating activities was reduced to £2.2m (2023: £2.7m), which reflects the receipt of £0.6m in R&D tax credits (2023: £0.03m expense). Cash used in operations was £2.8m (2023: £2.7m).

Net cash used in investing activities was £0.7m compared with £1.0m of cash being generated from investing activities for the previous year. The change primarily reflects £1.5m of cash being generated from the disposal of operations in the previous year (2024: £nil). Cash used in investing activities primarily comprised investment in software of £0.6m (2023: £0.5m).

Net cash generated from financing activities was £2.8m (2023: £0.03m). This primarily reflects the fundraising undertaken during the year.

Accordingly, there was a decrease in cash and cash equivalents of £0.1m before the effects of foreign currency translation compared with a £1.7m decrease in 2023.

Cash and cash equivalents at 30 April 2024 were £646k (2023: £767k). The Group's cash position was significantly strengthened post year end with the raising of £3.1m via the issue of new ordinary shares and convertible loan notes. In addition, and as previously announced, James Appleby, Non-Executive Chairman, has confirmed his intention to subscribe for £264k following the release of the Company's full year 2024 results, resulting in total funds raised being approximately for £264k following the release of the Company's full year 2024 results, resulting in total funds raised being approximately £3.4m.

Balance sheet

As at 30 April 2024, the Group had net assets and total equity of £1.3m compared with £1.9m at 30 April 2023. The main movements in the balance sheet during the year were:

- a decrease in current assets to £2.0m (30 April 2023: £2.6m) reflecting lower trade and other receivables and corporation tax receivable;
- an increase in intangible assets to £1.6m (30 April 2023: £1.4m); and
- non-current liabilities increasing to £0.3m (30 April 2023: £0.1m), comprising non-current financial liabilities (borrowings) of £0.3m as at 30 April 2024 (30 April 2023: £nil) and £nil non-current trade and other payables (30 April 2023: £0.1m).

Material uncertainty to going concern

As discussed in note 2 below, the Board considers the Group to be a going concern. However, if the Group is unable to generate its proposed revenue projections, particularly around the levels and timing of new business forecast that have not been secured yet included in the projections, there is limited headroom in the current forecasts and as such there is considered to be a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Should the Group not meet those new revenue predictions, management plans to cut costs or look to raise capital from a number of different funding options. The independent auditors' report is not modified in respect of this matter. The financial statements do not include any adjustments that would result if the Group were unable to continue as a going concern. For further details, refer to the Going Concern section in note 2 to the financial statements.

Outlook

Following a period of significant transition Rosslyn's business has been transformed. Having reset the strategy, had that strategy validated and established the foundations to execute - the Board believes the Group is now at an inflection point. The initial results of these efforts are beginning to be recognised, most notably with the major new client win. This customer offers significant growth potential for Rosslyn, and management expect to expand the relationship before completing the initial contract. The Group is also experiencing strong momentum with ChainIQ, which is expected to be an important contributor to growth in the near-term, and it is in advanced negotiations with a significant prospective partner that is one of the world's largest consulting firms.

Rosslyn is also now ramping up its sales & marketing activities, which had been reduced during the year as the Group prioritised investment in technology and focused on securing the substantial tenders noted above. Following the recent fundraise, the Group is now investing to significantly increase this activity - particularly to support the commercial launch of its AI solution.

Accordingly, the Board is greatly excited about Rosslyn's prospects. In the near term, the Group expects to achieve positive adj. EBITDA and cash generation on a monthly basis by the end of the current financial year - which will enable accelerated revenue growth in the medium term as the Group leverages the investment that has been made to substantially strengthen Rosslyn's offer. The Board looks forward to reporting on Rosslyn's progress.

Publication of Annual Report

The Company announces that its annual report and accounts for the year ended 30 April 2024 has, today, been published on its website on the Reports and Corporate Documents page of the Investors section at https://www.rosslyn.ai/investors/reports-corporate-documents, and is being posted to shareholders today.

Consolidated statement of comprehensive income for the year ended 30 April 2024

	Note	**30 April 2024 £'000**	**30 April 2024 £'000**	30 April 2023 £'000	30 April 2023 £'000
Continuing operations					
Revenue	3		**2,854**		3,012
Cost of sales			**(1,746)**		(1,968)
Gross profit			**1,108**		1,044
Operating expenses			**(4,651)**		(3,807)
Analysed as					
Administrative expenses		**(4,124)**		(3,352)	
Depreciation and amortisation		**(431)**		(366)	
Share-based payments		**(96)**		(89)	
		(4,651)		(3,807)	
Operating loss			**(3,543)**		(2,763)
Finance income			**2**		3
Finance costs			**(53)**		-
Loss before income tax			**(3,594)**		(2,760)
Income tax			**235**		664
Loss for the year for continued operations			**(3,359)**		(2,096)
Profit for the year from discontinued operations			**-**		2,468
(Loss)/profit for the year			**(3,359)**		372
Other comprehensive (loss)/income - translation differences			**(16)**		28
Total comprehensive (loss)/income			**(3,375)**		400

(Loss)/profit per share		Pence	Pence
Basic and diluted loss per share:			
ordinary shareholders - Continued	4	**(25.1)**	(30.6)
Basic (loss)/profit per share:			
ordinary shareholders - Total	4	**(25.1)**	5.9
Diluted (loss)/profit per share: ordinary shareholders - Total	4	**(25.1)**	5.7

Consolidated statement of financial position as at 30 April 2024

	30 April 2024 £'000	30 April 2023 £'000
Assets		
Non-current assets		
Intangible assets	**1,620**	1,372
Property, plant and equipment	**30**	-
Right-of-use assets	**-**	162
	1,650	1,534
Current assets		
Trade and other receivables	**854**	969
Corporation tax receivable	**475**	852
Cash and cash equivalents	**646**	767
Total current assets	**1,975**	2,588
Total assets	**3,625**	4,122
Liabilities		
Non-current liabilities		
Trade and other payables	**-**	(114)
Deferred tax	**-**	-
Financial liabilities - borrowings	**(327)**	-
Total non-current liabilities	**(327)**	(114)
Current liabilities		
Trade and other payables	**(2,043)**	(2,001)
Financial liabilities - borrowings	**-**	(96)
Total current liabilities	**(2,043)**	(2,097)
Total liabilities	**(2,370)**	(2,211)
Net assets	**1,255**	1,911
Equity		
Called up share capital	**4,415**	1,699
Share premium	**18,923**	18,923
Convertible debt option reserve	**189**	-
Share-based payment reserve	**34**	320
Accumulated loss	**(27,348)**	(24,089)
Translation reserve	**(91)**	(75)
Merger reserve	**5,133**	5,133
Total equity	**1,255**	1,911

Consolidated statement of changes in equity for the year ended 30 April 2024

	Called up share capital £'000	Accumulated loss £'000	Translation reserve £'000	Convertible debt option reserve £'000	Share-based payment reserve £'000	Share premium £'000	Merger reserve £'000	Total equity £'000
Balance at 1 May 2022	1,699	(24,485)	(103)	-	255	18,923	5,133	1,422
Profit for the year	-	372	-	-	-	-	-	372
Other comprehensive income	-	-	28	-	-	-	-	28
Lapsed options	-	24	-	-	(24)	-	-	-
Share-based payment transaction	-	-	-	-	89	-	-	89
Balance at 30 April 2023	1,699	(24,089)	(75)	-	320	18,923	5,133	1,911
Balance at 1 May 2023	1,699	(24,089)	(75)	-	320	18,923	5,133	1,911
Loss for the year	-	(3,359)	-	-	-	-	-	(3,359)
Issue of convertible loan	-	-	-	239	-	-	-	239
Shares issued during the year	2,716	-	-	-	-	-	-	2,716
Issue costs	-	(282)	-	(50)	-	-	-	(332)
Other comprehensive income	-	-	(16)	-	-	-	-	(16)
Lapsed options	-	382	-	-	(382)	-	-	-
Share option reserve transfer	-	-	-	-	96	-	-	96
Balance at 30 April 2024	**4,415**	**(27,348)**	**(91)**	**189**	**34**	**18,923**	**5,133**	**1,255**

Consolidated statement of cash flows for the year ended 30 April 2024

	Note	Year ended 30 April 2024 £'000	Year ended 30 April 2023 £'000
Cash flows used in operating activities			
Cash used in operations	See below	**(2,810)**	(2,668)
Finance income		**2**	3
Finance costs		**(9)**	-
Corporation tax received/(paid)		**612**	(27)
Net cash used in operating activities		**(2,205)**	(2,692)
Cash flows (used in)/generated from investing activities			
Purchase of property, plant and equipment		**(39)**	(6)
Acquisition of intangible assets		**(644)**	(535)
Cash received on disposal of operation		**-**	1,512
Net cash (used in)/generated from investing activities		**(683)**	971
Cash flows generated from financing activities			
New loans in year		**600**	160
Repayment of borrowings		**(96)**	(64)
Convertible loan issue costs		**(128)**	-
Issue of shares		**2,716**	-
Expenses related to the issue of shares		**(282)**	-
Repayment of capital element of obligations under leases		**(27)**	(69)
Net cash generated from financing activities		**2,783**	27
Net decrease in cash and cash equivalents		**(105)**	(1,694)
Cash and cash equivalents at beginning of year		**767**	2,433
Foreign exchange (losses)/gains		**(16)**	28
Cash and cash equivalents at end of year		**646**	767

Reconciliation of loss before income tax to cash used in operations

	Year ended 30 April 2024 £'000	Year ended 30 April 2023 £'000
Loss before income tax	**(3,594)**	(292)
Depreciation, amortisation and impairment charges	**431**	366
Share-based payment transactions	**96**	89
Finance income	**(2)**	(3)
Gain on disposal of operations	**-**	(2,468)
Disposal of leases	**(6)**	(5)
Finance costs	**53**	-
	(3,022)	(2,313)
Decrease/(increase) in trade and other receivables	**115**	(149)
Increase/(decrease) in trade and other payables	**97**	(206)
Cash used in operations	**(2,810)**	(2,668)

Notes to the Non-Statutory Financial Satements for the year ended 30 April 2024

1. General information

Rosslyn Data Technologies plc (the "Company") is a company incorporated and domiciled in the UK. It is quoted on AIM, a market of the London Stock Exchange. The address of the registered office is 6th Floor, 60 Gracechurch Street, London, EC3V 0HR.

The Company is the ultimate parent company of Rosslyn Analytics Limited and Rosslyn Data Management Limited, companies incorporated in the UK, and the ultimate parent company of Rosslyn Analytics, Inc., a company incorporated in the USA (collectively, the "Group"). The Group's principal activity is the provision of procurement data analytics using a proprietary form, data capture, data mining and workflow management.

The financial information set out in this preliminary results announcement does not constitute the Group's statutory financial statements, as defined in section 435 of the Companies Act 2006, but is derived from those financial statements. Statutory financial statements for 2023 have been delivered to the Registrar of Companies. The audit report was unqualified, did not contain a statement under section 498 (2) or 498 (3) of the Companies Act 2006 and drew attention by way of emphasis to a material uncertainty relating to going concern and the recoverability of intangible assets and parent company inter-company receivables. Those for 2024 have not yet been delivered to the Registrar of Companies. The audit report is unqualified, does not contain a statement under section 498 (2) or 498 (3) of the Companies Act 2006 and draws attention by way of emphasis to a material uncertainty relating to going concern and the recoverability of intangible assets and parent company inter-company receivables. The 2024 accounts will be delivered to the Registrar of Companies shortly.

2. Accounting policies

Basis of preparation

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

The Group financial statements have been prepared under the historical cost convention subject to fair valuing certain financial instruments and in accordance with UK-adopted international accounting standards.

Going concern

Information on the business environment and the factors underpinning the Group's future prospects and product portfolio are included in the Operational Review and Outlook sections. The cash balance at 30 April 2024 was £0.6m and on 28 October 2024 the Group successfully completed an equity fundraising round, raising £1.89m via a placing of shares and £1.2m from an issue of convertible loan notes. Further, there is an intention from James Appleby, Non-Executive Chairman, to subscribe for £0.26m post release of the annual report. The Group has performed prudent scenario analysis on revenue and cost performance covering the period up to April 2026. These demonstrate that the Group can meet its liabilities as they fall due.

After making appropriate enquiries, the Directors consider that it is appropriate to adopt the going concern basis in preparing the consolidated financial statements, accordingly, the financial statements do not include any adjustments which would be required if the going concern basis of preparation was deemed to be inappropriate. However, if the Group is unable to generate its proposed revenue projections, particularly around the levels and timing of new business forecast that have not been secured yet included in the projections, there is limited headroom in the current forecasts and as such there is considered to be a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Should the Group not meet those new revenue predictions, management plans to cut costs or look to raise capital from a number of different funding options.

Basis of consolidation

The consolidated statement of comprehensive income and statement of financial position include the financial statements of the Company and its subsidiary undertakings as of 30 April 2024.

Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

The consolidated financial statements present the results of the Company and its subsidiaries (the "Group") as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the acquisition method.

In the consolidated balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained.

Judgements and estimates

The preparation of the financial statements requires management to exercise judgement in applying the Group's accounting policies. It also requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses.

The following are key sources of estimation uncertainty and critical accounting judgements:

Judgements

- Development costs capitalised as intangible assets - Management exercises judgement in determining whether the costs can be capitalised. Management look for costs that can be directly attributable, and also measurable, to a particular project when deciding on capitalisation. During the year, the Group has capitalised intangible assets development costs of £644,000 (2023: £535,000), which relate specifically to the Rosslyn Platform redevelopment.
- Management have exercised judgement in reviewing the terms of the convertible loan notes, particularly around whether a fixed number of shares are to be issued on conversion to ensure that they are correctly accounted for as debt and equity in line with the nature of the agreement

Estimates

- Recognition of professional services revenue - For projects that are in progress, management assesses how far through to completion then recognise revenue using time management records and expectation of total time required based on prior projects.
- Impairment of intangible assets - Management have carried out an impairment review based on the recoverable amount using a discounted cash flow model. No impairment is considered necessary, but this is dependent upon future cash flows generated by the continuing subsidiary operations, which themselves are dependent on the

successful commercialisation, value and timing of product sales. The Directors performed sensitivity analysis on the net present value of future income streams of the Group to considered whether there are any indicators of impairment to the carrying amount of intangible assets of £1,620,000 (2023:£1,372,000). A 10% change in new business revenues results in a £2,597,000 reduction in the net present value of the future income streams of the Group. New business revenues would need to decrease by 20% before an impairment charge is required for the carrying value of the intangibles asset. The ultimate result of these assumptions cannot be determined at this time, and the financial statements do not account for any impairment provision that might be necessary should the group's cash flows deviate from the forecast.

Revenue recognition

Revenue is measured at the fair value of consideration received or receivable and represents amounts for services provided to third parties in the normal course of business during the year, net of value-added tax, and results from the principal activities of the Group.

Each element of revenue (described below) is recognised only when:

- the consideration receivable is fixed or determinable; and
- collection of the amount due from the customer is reasonably assured.

i) Initial data processing and analysis in connection with the deployment and customisation of the Group's proprietary solutions are recognised over the corresponding period of the related customer contract.

ii) Annual licence fees are recognised on a straight-line basis over the period of the contractual term.

iii) Any revenue arising from consultancy or professional services work is recognised as such services are delivered.

Services that have been delivered at the end of a financial period but which have not been invoiced at that time are recognised as revenue and shown within accrued revenue in the statement of financial position.

Advance payments from customers are included within deferred income in the statement of financial position. Such amounts are recognised as the services are provided to the customer in accordance with points (i) to (iii) as set out above.

Impairment review of intangible assets

The intangible assets, with the exception of goodwill, are being amortised over their useful economic lives, however management still tests intangible assets for impairment if and when indicators of impairment arise. Where such an indication exists, management estimates the fair value less costs to sell of the assets based on the net present value of future cash flows. The Directors have considered whether there are any indicators of impairment to the carrying amount of intangible assets of £1,620,000 (2023: £1,372,000), and there is considered to be no requirement for impairment in this financial year.

Convertible debt

The proceeds received on issue of the Group's convertible debt are allocated into their liability and equity components and presented separately in the balance sheet. Transaction costs that relate to the issue of the instrument are allocated to the liability and equity components of the instrument in proportion to the allocation of proceeds.

The amount initially attributed to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that did not include an option to convert. This is then measured at amortised cost.

The difference between the fair value of the convertible loan instrument and the fair value of the debt component is credited direct to equity. On conversion, the debt and equity elements are credited to share capital and share premium as appropriate, with no gain or loss recognised.

3. Segmental reporting

Management has determined the operating segments based on the operating reports reviewed by the Directors that are used to assess both performance and strategic decisions. Management has identified that the Directors are the Chief Operating Decision Maker in accordance with the requirements of IFRS 8 Operating segments.

The determination is that the Group operates as a single segment, as no internal reporting is produced either by geography or division. The Group views performance on the basis of the type of revenue, and the end destination of the client as shown below.

	Year ended 30 April 2024 £'000	Year ended 30 April 2023 £'000

Annual licence fees	**2,252**	2,406
Professional services	**602**	606
Total revenue	**2,854**	3,012

Analysis of revenue by country	**Year ended 30 April 2024 £'000**	Year ended 30 April 2023 £'000
United Kingdom	**1,163**	1,528
Europe	**880**	520
North America	**811**	964
Total revenue	**2,854**	3,012

Included in Europe is Switzerland, which had revenues of £398,000 in the year ended 30 April 2024 (2023: £255,000). Included in North America is the USA, which had revenues of £811,000 in the year ended 30 April 2024 (2023: £964,000).

Analysis of future obligations:	**Year ended 30 April 2024 £'000**	Year ended 30 April 2023 £'000
Performance obligations to be satisfied in the next year	**2,005**	1,725
Performance obligations to be satisfied after 12 months from the balance sheet date	**1,152**	125
Total future performance obligations	**3,157**	1,850

There were two (2023: two) significant customers who made up greater than 10% of total revenue in the year. Customer 1 generated revenue of £328,000 and customer 2 generated revenue of £215,000. The following revenue arose from the Group's largest customer in each year:

	Year ended 30 April 2024 £'000	Year ended 30 April 2023 £'000
Annual licence fees	**209**	178
Professional services	**119**	167
Total revenue	**328**	345

4. (Loss)/profit per share

Basic earnings per share is calculated by dividing the net (loss)/profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the net (loss)/profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all dilutive potential ordinary shares into ordinary shares.

	Year ended 30 April 2024	Year ended 30 April 2023
(Loss)/profit for the year attributable to the owners of the parent	**(£3,375,000)**	£400,000

	2024 Number	2023 Number
Weighted average number of shares		
Weighted average number of shares in issue during the year	**142,667,092**	339,862,521
Weighted average number of shares post consolidation*	**13,445,047**	6,797,250
Dilutive effect of share options**	**459,141**	12,021,429
Number of dilutive effect of share options post consolidation*	**-**	240,429
Total number of dilutive effect of share options	**13,904,188**	7,037,679

	Pence	Pence
Basic and diluted loss per share: ordinary shareholders - continued	**(25.10)**	(30.6)
Basic and diluted profit per share: ordinary shareholders - discontinued	**-**	36.5
Basic profit/(loss) per share: ordinary shareholders	**(25.10)**	5.9
Diluted profit/(loss) per share: ordinary shareholders	**(25.10)**	5.7

* Ordinary shares and share options have been restated to reflect the share consolidation of a ratio of 50:1 which took place on 19 September 2023.

** At 30 April 2024 there were 459,141 share options outstanding, all of these 459,141 were not included in the calculation of diluted earnings per share as these are anti-dilutive in terms of IAS 33. As at 30 April 2024 there were 13,675,638 share options outstanding, of these 13,675,638 were not included in the calculation of diluted earnings per share as these are anti-dilutive in terms of IAS 33.

5. Discontinued operations and business disposals

In order to deliver the Group's emphasis on the Rosslyn product, a decision was taken to dispose of the Langdon Systems and Integritie parts of the Group. The Langdon Systems sale was completed on 30 September 2022 and the Integritie sale completed on 1 November 2022, and are therefore the trading and profit on disposal are presented on one line as discontinued operations for the prior period in the consolidated statement of comprehensive income. As part of the sale of Integritie there is a conditional deferred payment of up to £1.4m based on achieving certain revenue and growth targets. Based on current and available information this conditional deferred payment has been fair valued at £Nil. The above transactions have been treated as disposals from the dates the sales were completed.

Financial information relating to the discontinued operation for the Group is set out below.

Statement of comprehensive income

		Year ended		Year ended
	30 April 2024 £'000	**30 April 2024 £'000**	30 April 2023 £'000	30 April 2023 £'000
Discontinued operations				
Revenue		-		1,510
Cost of sales		-		(539)
Gross profit		-	971	
Admin expenses		-		(830)
Analysed as				
Administrative expenses	-		(830)	
Depreciation and amortisation	-		-	
Share-based payment	-		-	
	-		(830)	
Operating profit		-		141
Profit on disposal of operations		-		2,309
Finance costs		-		(9)
Profit before income tax		-		2,441
Income tax		-		27

Profit on disposal of operations

		Year ended		Year ended
	30 April 2024 £'000	**30 April 2024 £'000**	30 April 2023 £'000	30 April 2023 £'000
Cash proceeds		-		1,700
Selling fees paid out of consideration		-		(188)
Net cash consideration		-		1,512
Net assets disposed of				
Intangible fixed assets	-		62	
Tangible assets	-		20	
Debtors	-		342	
Creditors	-		(1,449)	
		-		(1,025)
Post-completion costs		-		(228)
Profit on disposal before tax		-		2,309

The cash flows from the discontinued operations were as follows:

	2024 £'000	2023 £'000
Net cash used in operating activities	-	(716)
Net cash generated from investing activities	-	1,512
Net cash generated from financing activities	-	96

6. Post balance sheet events

On 28 October 2024, the Group successfully completed an equity fundraising round, raising £1.89m via a placing of shares and £1.2m from an issue of convertible loan notes, resulting in the Company issuing new shares and the conversion of existing convertible loan notes. Further, there is an intention from James Appleby, Non-Executive Chairman, to subscribe for £0.26m post release of the Group's annual report.

END

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