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Fadel Partners Inc.
30 April 2025

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Fadel Partners, Inc.

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

Results for the year ended 31 December 2024

FADEL, the developer of cloud-based brand compliance and rights and royalty management software is pleased to announce its full year results for the year ended 31 December 2024. The Company's full Annual Report and Audited Financial Statements for the year ended 31 December 2024 will be published and made available on the Company's website (www.fadel.com) by 7 May 2025.

Financial highlights

- **Annual Recurring Revenue (ARR)** grew by 10% year-on-year to 9.9 million (FY23: 9.0 million), driven by growth in both IPM Suite and Brand Vision platforms.
- **Revenue** decreased by 10% to 13.0 million (FY23: 14.5 million), in line with expectations given the timing of certain license revenue recognition events in FY23.
- **Gross profit** of 8.0 million, with a gross profit margin maintained at 62%, reflecting continued operational efficiency.
- **Adjusted EBITDA loss** widened to (3.9) million (FY23: (1.7) million), impacted by strategic investment in sales and marketing expansion post-IPO, partially offset by cost savings implemented in H2 2024.
- **Cash and Cash Equivalents** at 31 December 2024 of 2.6 million, with an undrawn 1.0 million credit facility available for further liquidity.

US Dollars ( )	**2023**	**2024**	***Change (%)*[4]**
Group revenue	14,486,789	13,022,201	*(10%)*
License/Subscription and Support revenue [1]	11,395,295	9,665,773	*(15%)*
Services revenue	3,091,494	3,356,428	*9%*
Gross profit	9,019,811	8,048,971	*(11%)*
Gross profit margin (%)	62%	62%	-
Adjusted EBITDA[2]	(1,731,678)	(3,907,271)	*(126%)*
Cash and Cash Equivalents	3,191,458	2,607,422	(18%)
ARR[3]	9.0M	9.9M	(10%)

[1] Previously titled 'recurring revenue', see Financial Review for more detail

[2] Earnings after capitalised commission costs and before interest, tax, depreciation, amortization, exceptional costs and share-based payments.

[3] ARR is the annual recurring revenue for all active customers at each period end for all license contracts, and subscription and support revenue that is deemed recurring in nature.

[4] Change % compares 31 December 2023 31 December 2024.

Operational highlights

- **Expansion of Brand Vision Client Base:** Brand Vision client logos increased by 67% year-on-year (from 9 to 15), driven by new wins including L'Oréal US, Los Angeles Tourism & Convention Board, Hanes Brands, Studio RX and others.
- **Expansion of IPM Client Base:** IPM Suite client logos increased by 44% year-on-year (from 16 to 22), with new wins including Sanoma, Mad Engine, Ata-Boy, American Hospital Association and Yoto Play.
- **Launch of LicenSee™:** In Q2 2024, the Company officially launched LicenSee™, a purpose-built, mid-market royalty automation solution, securing strong early customer adoption and building a robust sales pipeline.
- **Product Innovation Initiatives:** Released enhanced video matching, audio recognition, and expanded AI-driven content tracking features across Brand Vision to address broader marketing media monitoring needs.
- **Operational Efficiency Gains:** Over 1.5 million in annualized cost savings going into 2025, including the opening of a new R&D delivery center in Jordan, enabling a shift of R&D resources to a cost-effective jurisdiction.
- **Enhanced Financial Resilience:** Conducted a full operational review resulting in cost optimization programs implemented in Q4 2024 without compromising ARR goals or client success initiatives.
- **Board Strengthening:** Appointed Simon Wilson as Chair and Ian Flaherty as CFO.

Post period end highlights

- **Strategic Options Review Underway:** In early 2025, the Company initiated a formal process, working with Oaklins DeSilva+Phillips, to explore strategic alternatives aimed at enhancing shareholder value.
- **Expansion of Commercial Infrastructure:** Website redesign and expanded digital marketing initiatives launched in Q1 2025 have resulted in increased inbound lead generation and better pipeline quality.
- **Launch of Product Approvals Module:** Development commenced on a native Product Approvals module within IPM Suite, scheduled for release in H2 2025, aimed at deepening brand compliance capabilities for Licensors and expanding mid-market adoption.
- **Line of Credit Renewal:** In April 2025, the Company's 1.0 million Bank of America credit facility was successfully renewed through May 2026, maintaining full availability to support ongoing operations.
- **Leadership Enhancements:** Joe Gruttadauria assumed an interim operating role as Head of Sales while remaining a Non-executive Director. The Company also strengthened its various Board committees, by redistributing responsibilities across the Non-executive Directors to support governance best practices.

Tarek Fadel, Chief Executive Officer of FADEL, commented: "In 2024, we sharpened our focus on operating with discipline and scaling with purpose. Throughout the year, we took proactive steps to align our cost structure with growth priorities, enhance capital efficiency, and position FADEL for sustainable, recurring revenue growth. We made meaningful progress in expanding our IPM and Brand Vision client bases, investing in product innovation, and entering the mid-market with our new LicenSee™ offering - all while navigating a dynamic macro environment. As we look to 2025 and beyond, we are building a stronger, more resilient FADEL, anchored by a disciplined operating model, a robust product roadmap, and an unwavering commitment to creating long-term value for our customers and shareholders."

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FADEL Strategic Communications

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About FADEL Partners Inc.

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

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

The Group's main country of operation is the United States, where it is headquartered in New York, with further operations in the UK, France, Lebanon, Jordan and India.

For more information, please visit the Group's website at: WWW.FADEL.COM.

CHAIR'S STATEMENT

Introduction

I am privileged to provide an update on the progress of Fadel Partners, Inc. as the new Chairman. I would like to take this opportunity to thank Ken West, the outgoing Chairman, for his ten years of service to the Company since 2015. His contributions and support of the senior management team will be missed. Ken formally resigned from the Board effective January 31, 2025

2024 has been a financially challenging year for the Company due in no small part to the difficulties in expanding its go to market team leading to new business sales growth falling short of expectations. Despite this the Company achieved strong customer retention metrics, especially within its Enterprise customer segments and converted over fourteen net new customer accounts, in both the mid-market and enterprise segments. These challenges and successes were against a background of the human suffering and uncertainty for the people of Lebanon for many months of the year, and therefore also for our employees in that region. Future business risk has been ameliorated by the opening of a new R&D delivery center in Jordan in March of 2024.

During the year the Company reduced its market forecasts and reorganized key areas of the business to drive more efficient delivery against the revised forward expectations. An even sharper focus on operating cash flow and capital efficiency was introduced through process tightening and enhancing resource allocation. These reorganizational steps and cost reductions were carefully considered against the need to remain focused on executing our strategy, especially in the context of continuing product innovation and the use of AI to enhance customer value through efficient and accurate identification of licensing breaches.

I am pleased to report that the team has been able to both meet its revised forecast for 2024, as well as make encouraging progress with product development to meet the needs of both enterprise and mid-market customers.

On behalf of the Board, I would like to extend my thanks to our employees for their hard work and commitment during this important phase of the Company's journey. Also, to some for demonstrating admirable resilience and bravery in the face of disruption to their daily lives. All their contributions have been instrumental in delivering the operational and strategic progress that we report today.

Strategic Direction

The Company remains very focused on improving its mid-market offerings to incorporate the strength and robustness of its flagship enterprise solution, IPM, into a more easily consumed mid-market version called Licensee. Together with a refreshed sales and marketing approach for Picture Desk, the Company has been able to expand its new logo business growth opportunity through a broader addressable end customer market. At the same time, the Company has continued to allocate resources to enhance its products and to meet the rising demand for AI-driven content monitoring and tracking. Early successes have been achieved by attracting both notable new clients such as L'Oreal US and Yves Rocher, as well as expanding existing clients like Philip Morris. This focus on strategic product enhancements is the foundation for our growth expanding existing clients like Philip Morris. This focus on strategic product enhancements is the foundation for our growth goals in 2025 and beyond.

In early 2025, the Board initiated a review, in conjunction with its advisors Oaklins DeSilva+Phillips, of the Company's strategic options to consider the full range of opportunities to enhance shareholder value. The Company has to date received a certain level of interest, and his provided high level information summaries to a targeted group of potentially interested parties. If the Board feels the structure and pricing is in the interest of all stakeholders , the process is expected to proceed into the management meeting phase, followed by a period of due diligence. This review is being conducted alongside the Board's ongoing commitment to executing against the Company's long-term strategy of continued product innovation to meet the growing market demand for the management of the proliferation of digital asset rights. Further updates will be provided in due course.

Corporate Governance

I am mindful of the fact that as an international organisation I must ensure that our organisational structure and corporate processes are robust so that we can continue to deliver against our goals for all stakeholders. At the same time, we must not diminish the entrepreneurial culture and be able to continue to move quickly as a technology company. The Group must therefore be supported by a nimble and broadly experienced Board of Directors who are also experienced in international software and technology businesses, as well as the London AIM market. During the year we made several changes to further strengthen the Board and Executive Directors.

On 24 February, Ian Flaherty, Chief Financial Officer, was appointed to the Board of the Company. Ian is a Certified Public Accountant in the United States and previously held various financial management positions within publicly listed technology companies with direct relevance to Fadel.

On 1 July 2024, I was honoured to be appointed Chair of the Board following a formal search process. I bring board and advisory experience from a range of public and private international software businesses and am excited to support FADEL's continued maturation as a listed company, through my experience with the AIM market, international cross border software businesses, and M&A. As noted earlier, effective January 31, 2025 Ken West the outgoing Chair stepped down from the Board.

Following the year end, we made two further changes to the Board's structure. First, as announced on 27 January 2025, Joe Gruttadauria assumed the additional operating role of Interim Head of Sales. Joe's deep career experience in B2B Enterprise sales has already had a quick and positive impact on the operations of the Company's go-to-market motions, and on behalf of the Board I would like to thank him for stepping up to directly assist the Executive team in this way. While Joe continues to serve as a Non-Executive Director, he is no longer deemed independent under applicable governance guidelines. Considering this, Sally Tilleray was appointed Chair of the Remuneration Committee instead of Joe, in addition to her existing role as Chair of the Audit Committee. Joe remains a member of the Remuneration Committee, and I, Simon Wilson, have joined both committees to support their work.

Second, effective 30 April 2025 Paul Jourdan resigned his Observer seat from the Board which he has held since the time of the IPO. On behalf of the Board, I'd like to thank him for his valued time, advice and assistance over the last two years.

The Board is confident that it has retained an appropriate balance of cost, skills, experience, and independence to effectively govern the Company. The Board also recognises the value and importance of high standards of corporate governance and has, since its IPO, observed the requirements of the Quoted Companies Alliance ("QCA") Corporate Governance Code.

I believe we have a balanced business that can continue to grow within acceptable levels of risk tolerance.

ESG

FADEL remains committed to conducting its business responsibly and minimising environmental impacts across its operations. While we are a small SaaS business and therefore have a small environmental footprint, it is important that these values are demonstrated to our customers and other key stakeholders, and we continue to promote them throughout our workforce and wider network of commercial partners. The Board continues to assess metrics for disclosure that appropriately describes progress with ESG.

We also continued to uphold strong social and governance principles, including a focus on ethical business practices, employee well-being, equal opportunity, and responsible supplier engagement across all jurisdictions in which we operate. We remain committed to enhancing transparency and oversight over time.

Stakeholder Communications

As a board, we are focused on improving clear and regular communications to all investors and expanding disclosures and key metrics to support enhanced understanding of the performance of the business. For example, the Company is now disclosing the key SaaS metric of Annual Recurring Revenue or ARR.

We utilise phone and video briefings and the CEO and CFO offer regular in-person meetings. As Chair, I am available as a direct line of communication to all shareholders in case other questions arise that need to be answered independently, as is our Senior Independent Director, Sally Tilleray.

Looking Forward

We remain mindful of the complexities of the broader macroeconomic and geo-political environment and continue to manage the business with a clear focus on capital efficiency and long-term value creation. Our recurring revenue model and broadening market reach provide a solid foundation for continued growth in 2025 as we strive to reach and then deliver sustainable profitability.

Simon Wilson
Chair of the Board
30 April 2025

CEO'S STATEMENT

Overview

2024 marked our first full calendar year as a publicly listed company on AIM, following our IPO in April 2023. Throughout the year, we remained focused on executing against our strategic priorities while laying the groundwork for sustainable long-term value creation, amid a complex macro and operating environment.

We delivered 10% growth in Annual Recurring Revenue (ARR), reaching 9.9 million. This growth was underpinned by client demand across both our IPM Suite and Brand Vision offerings. Our recurring revenue base continued to strengthen, supported by new client additions across enterprise and mid-market segments - including names such as Sanoma, Yoto Players, Hanes Brands, Mad Engine, Studio RX, L'Oréal US and Yves Rocher. These wins reinforce the adaptability of our solutions across diverse verticals.

That said, we faced several headwinds during the year. Enterprise sales cycles continued to lengthen, impacting the timing of deal closures and new client onboarding. In parallel, building out our sales organization presented challenges, particularly in recruiting and fully ramping up new sales by the need for industry-specific domain knowledge, which extends training and onboarding periods. Additionally, managing operations in our Lebanon office proved increasingly difficult in 2024 due to geopolitical volatility, which introduced uncertainty and operational constraints at various points throughout the year. Despite these external pressures, the team showed remarkable resilience in maintaining service continuity and client support.

To strengthen our operational position heading into 2025, we undertook a disciplined review of our cost structure - right-sizing our sales and marketing teams and improving overall efficiency. These actions, while difficult, have placed us on more stable footing. Encouragingly, we've seen a marked improvement in the quality and volume of new pipeline opportunities, and we are now better positioned to capitalize on them with a leaner, more focused go-to-market approach.

In early 2025, we also initiated a strategic options review process and appointed Oaklins DeSilva + Phillips as our advisors, to evaluate avenues that could further enhance shareholder value.

Importantly, we are seeing signs of political stabilization in Lebanon, which has eased operational pressures. At the same time, we are expanding our R&D footprint in Jordan, where we are building new technical capabilities to support product innovation and scale.

We remain cautiously optimistic about the year ahead - grounded in prudent financial management, focused execution, and a steadily improving operating environment. That said, we are mindful of global macroeconomic risks, including the potential impact of new or evolving tariff regimes, which could affect some customer purchasing decisions, and potentially elements of our cost base. We will continue to monitor these developments.

Product Portfolio Expansion

Our strategy remains anchored in continuous innovation across our product families - IPM Suite, Brand Vision, and PictureDesk - each serving a distinct but complementary set of market needs. Through targeted development and investment, we have continued to scale our value proposition and extend our reach across enterprise and mid-market segments.

Accelerating Adoption of Brand Vision

Brand Vision gained strong momentum in 2024, underpinned by growing demand for AI-powered tools that help global brands monitor, manage, and enforce content compliance across an increasingly fragmented digital landscape. Adoption of our Content Tracking solution accelerated during the year, as enterprise marketers sought greater visibility into how creative assets were being used across channels and regions.

We secured several notable new wins, including L'Oréal US, Studio RX, Hanes Brands, Yves Rocher, and the Los Angeles Tourism & Convention Board, and saw material expansion from existing clients such as Philip Morris, who extended their use of Content Tracking into additional business units. These wins reflect Brand Vision's relevance across key verticals including beauty, consumer electronics, apparel, and travel, where brand consistency and speed-to-compliance are essential.

During the year, we also delivered several meaningful product enhancements. We introduced enhanced video matching capabilities, enabling Brand Vision to support a wider range of dynamic content use cases, and released new audio and music recognition functionality - extending our AI-powered tracking capabilities across multiple media formats. These innovations further position Brand Vision as a differentiated platform capable of supporting enterprise-wide brand governance initiatives.

Importantly, we are beginning to see cross-functional adoption of Brand Vision across marketing, legal, and licensing teams within client organisations. This shift not only improves retention but also opens new expansion pathways, especially when paired with our broader IPM and rights management capabilities.

Launch of LicenSee™ and IPM Mid-Market Expansion

In March 2024, we launched LicenSee™, our purpose-built royalty automation solution designed to serve smaller licensees and emerging rights holders with simpler, lower-volume royalty requirements. The product was built to deliver enterprise-grade automation and accuracy - without the overhead or complexity of a full-scale IPM Suite deployment. Since launch, LicenSee has gained strong early traction and continues to build momentum through short sales cycles and streamlined onboarding.

LicenSee validates our belief that a substantial portion of the licensing market is underserved - especially among organisations that need to automate royalty calculations and manage contractual obligations but lack the resources for complex systems integration. The success of these early deployments reinforces the scalability of this model and positions LicenSee as a high-margin, repeatable growth engine at the lower end of the client spectrum.

At the same time, we are seeing growth in demand from the broader mid-market-organisations that are larger and more complex than LicenSee's core target, but not yet ready for a full enterprise implementation of IPM Suite. These companies, often regional brand owners or multi-line licensors, face sophisticated royalty tracking and product approvals requirements but seek faster implementation timelines, lower IT overhead, and greater configurability than traditional enterprise solutions offer.

This segment represents an important strategic focus area for FADEL in FY25 and beyond. In response, we are actively developing packaging and deployment options that allow for modular adoption of IPM Suite features - bringing the robustness of our enterprise platform to a wider addressable market with mid-sized budgets and teams.

Together, LicenSee and our evolving mid-market IPM offerings are enabling us to serve the full spectrum of client needs, from fast-moving, small-scale licensees to diversified rights holders managing global licensing portfolios. These developments materially expand our addressable market and support our long-term strategy of building a scalable, recurring revenue business with broad market relevance.

Reinvigorating PictureDesk

PictureDesk remains a core component of FADEL's rights and content portfolio and continues to offer a compelling solution for publishers, brand owners, and content-driven organisations. While growth in this product line lagged our IPM Suite and Brand Vision families in 2024, we believe this reflects relative prioritisation rather than any decline in market relevance. In fact, we see renewed opportunity for PictureDesk as market demand for intuitive, AI-driven media asset management continues to rise.

PictureDesk's underlying technology - particularly its visual search and metadata automation - has already proven valuable in strengthening our Brand Vision platform. However, the product also delivers clear standalone value through:

- **Centralised Asset Management**: Supporting the ingestion, organisation, and retrieval of licensed, commissioned, and published assets across departments and content workflows.
- **AI-Powered Visual Search**: Enabling creative teams to find the right image faster using similarity-based search capabilities

capabilities.

- **Content Syndication & Monetisation:** Providing content owners and publishers with a portal to distribute and monetise editorial packages and digital rights across partners and licensees.

In Q3 2024, we took meaningful steps to reinvest in this business line by hiring a dedicated sales representative to lead PictureDesk pipeline development and market engagement. This move reflects our growing confidence in the segment's long-term potential and our intent to increase visibility and traction in 2025.

Looking ahead, we anticipate that PictureDesk will benefit from both direct go-to-market activity and increased cross-sell opportunities, particularly as content licensing and digital publishing workflows converge. With a refreshed commercial approach and strong product foundation, we believe PictureDesk can return to growth and contribute meaningfully to our recurring revenue profile over time.

Advancing Our Product Strategy

As we continue to build FADEL into the leading platform for rights and royalty management, product innovation remains central to our strategy. Our 2025 roadmap focuses on two key priorities: expanding platform capabilities to meet evolving customer expectations and improving operational efficiency through embedded intelligence and automation.

Firstly, we are investing in the development of a native Product Approvals module within IPM Suite. Product approvals - used to validate licensed merchandise against brand guidelines and contractual obligations - are a critical part of the licensing workflow, especially for IP owners with physical product lines. Historically, this function has often been managed through third-party systems, creating inefficiencies and gaps in compliance tracking.

By bringing this capability into the core IPM Suite platform, we aim to offer a truly end-to-end solution: from contract execution to royalty processing to brand compliance. This enhancement is particularly valuable to mid-sized licensors, who seek the power of an enterprise-grade platform with the simplicity of a single system. The Product Approvals module is scheduled for release in H2 2025, and we believe it will materially improve both adoption and retention in the mid-market segment.

Secondly, we are developing a suite of AI Product Enablements designed to streamline implementation and increase customer ROI. These capabilities include:

- Intelligent data mapping to accelerate onboarding and reduce configuration time
- Predictive analytics to surface usage trends, anomalies, and revenue leakage risks
- Optimisation insights to help clients refine licensing terms and maximise value capture

These features will begin rolling out in Q2 2025, and are expected to reduce onboarding costs, enhance stickiness, and differentiate our offering further in a competitive market.

Both roadmap tracks are designed not just to deliver feature depth, but to scale the business more efficiently enabling us to serve more clients, with greater value, using fewer resources.

Together, these product investments reinforce our commitment to innovation, customer success, and long-term market leadership in rights, royalties, and content governance.

Investing in Operational Efficiency and Strategic Alignment

In 2024, we made strides in strengthening our financial position through decisive, proactive measures aimed at enhancing operational efficiency and long-term sustainability. These efforts were shaped by a clear focus on aligning our cost structure with strategic priorities, preserving investment capacity for growth, and ensuring responsible stewardship of capital as a publicly listed company.

Key initiatives included:

- **Commercial organisation realignment**: We right sized our Sales and Marketing structure to better match near-term sales execution needs while laying the groundwork for higher productivity and digital lead generation. This included the deployment of automated sales enablement tools and performance analytics to improve ROI on commercial spend.
- **Optimisation of global delivery capacity**: We expanded our R&D footprint in Jordan, allowing us to shift key operational responsibilities to lower-cost jurisdictions without compromising service quality. This global delivery strategy has created greater flexibility and resilience while improving gross margin potential over time.
- **Targeted reductions in operating expenses**: We completed a company-wide review of discretionary spend and headcount utilisation. As a result, we delivered more than 1.5 million in annualised OPEX and cost-of-sales savings, with a substantial portion of these savings reinvested into high-impact growth initiatives, such as product innovation and demand generation.
- **Cash discipline and capital efficiency**: Our operating plan for FY25 has been designed to be fully funded through existing resources, with no current debt drawn on our Bank of America Credit line. We have maintained robust cash management throughout the year and remain focused on maintaining adequate reserves to support future growth opportunities.

These actions reflect our commitment to creating a lean, agile, and scalable operating model. Importantly, they also reinforce our belief that sustainable growth is best achieved through balanced execution - maintaining growth investment while improving profitability and extending our financial runway.

Delivery against growth strategy

In 2024, we laid critical groundwork to advance our long-term growth objectives - expanding our mid-market presence, strengthening client relationships, and enhancing recurring revenue potential through more targeted execution. With IPM Suite and Brand Vision now serving both enterprise and mid-sized organizations, we have strategically repositioned our product portfolio to scale more efficiently across diverse verticals.

Our go-to-market strategy continues to centre on three key pillars:

• Purpose-built solutions enabling lower and mid-market expansion across all product families,

• Land-and-expand execution within our established enterprise customer base, and

• Strategic product innovation designed to increase retention and create cross-sell momentum.

We delivered 10% ARR growth in 2024 - a modest result that reflects both progress and the challenges of an evolving market environment. While the outcome fell short of our original goals, it highlights the necessity of the foundational work completed this year. Enhancements in product positioning, pricing strategy, and commercial execution have begun to show early impact and leave us better positioned to scale effectively in the periods ahead.

Looking ahead, we remain committed to deepening client engagement, aligning product delivery more closely with mid-market needs, and reinforcing the recurring revenue mix that supports scalable, high-margin growth.

Land and Expand

Our ability to grow recurring revenue from existing customers remains a cornerstone of our model. In 2024, total ARR rose to 9.9 million, representing 10% year-over-year growth. This performance was underpinned by continued expansion in our two core platforms:

- **IPM Suite ARR** increased 5% to 6.9 million, reflecting strong retention and a healthy cadence of upsells and new deals.
- **Brand Vision ARR** grew 80% to 2.1 million, demonstrating deepening customer investment, especially in our Content Tracking solution.

We added seven new IPM Suite clients in the year, including Sanoma, Mad Engine, Ata-Boy, American Hospital Association, and Yoto Play. These wins reflect our ability to serve both enterprise and mid-market clients through scalable implementations. The Sanoma contract, valued at 1.5 million, includes multi-year licensing and professional services and exemplifies the depth and durability of our enterprise relationships.

On the Brand Vision side, we welcomed six new customers in 2024, including L'Oréal US, and Los Angeles Tourism & Convention Board, Hanes Brands and other existing customers also expanded their usage, extending into Rights Cloud and Content Tracking. The Brand Vision logo count grew 67% year-over-year, from 9 to 15 clients.

We note that Marvel Entertainment, while still a client, consolidated its usage of IPM Suite into the broader Disney platform in 2024. This was the only client count reduction recorded in the IPM Suite portfolio during the year. In contrast, Brand Vision experienced no client losses in 2024, with all existing customers retained and several expanding their usage of the platform.

Our progress in expanding across product lines is also accelerating. Existing clients increasingly engage with multiple components of our portfolio - using Brand Vision for creative compliance while simultaneously managing royalties and contracts through IPM Suite. These cross-sell motions are expected to scale further as more clients adopt LicenSee and future IPM product enhancements.

Pipeline

We exited 2024 with sales processes being well defined and we right sized our sales and marketing expenditures going into 2025. Following our IPO, we invested in and trained an automation-enabled go-to-market team supported by multiple lead generation channels. This structure was recently strengthened by the launch of our redesigned website in Q1-2025 and an expanded digital marketing program, both of which are now contributing to increased inbound engagement and qualified pipeline development. We also spent a considerable amount of time revising and optimizing our lead to opportunity conversion processes.

We're now seeing more actionable opportunities for IPM Suite in the mid-market, where these deals typically execute faster than in the enterprise segment. In the enterprise segment, we continue to engage in Brand Vision and PictureDesk discussions that reflect the growing demand for rights management and content management solutions.

However, recent uncertainty around macroeconomic conditions caused by the rapidly evolving U.S. tariff policy has introduced a degree of caution among certain customer segments. While FADEL's products and services are not directly impacted by tariffs, some of our end customer target industries - such as publishing and licensed consumer goods manufacturing - are affected. We have observed a shift in some client conversations to a more measured approach to new business decision cycles.

Despite this, we believe the enhancements made across our commercial organization and product capabilities, and actual improvements in recent lead generation activities, continue to support our ability to meet our 2025 ARR growth targets. We therefore remain cautiously optimistic, but also alert to potential changes in buying behavior in some of the sectors we serve.

Current trading and outlook

Building on our 10% ARR growth in FY24, FADEL enters 2025 with a solid operational foundation and disciplined commercial focus. The strategic decisions taken throughout 2024, including platform investment, cost optimisation, and commercial realignment, have positioned the Company for a new phase of scalable growth.

Looking ahead, we expect to deliver the following in FY25:

- **Continuing ARR growth**, supported by broader product adoption and deeper client penetration
- **Significant improvement in LBITDA**, as the benefits of our FY24 cost reduction programme flow through to the bottom line
- **Sufficient net cash to fund operations**, with no outstanding balance on the Company's 1M credit facility, which was renewed in April 2025 and remains in place through to May 2026.

While we remain confident in our ability to achieve these goals and meet market expectations, we are mindful of the increased uncertainty facing our clients, including the impact of evolving tariff policies across the world. We continue to monitor these developments closely and will adjust our commercial approach as needed to sustain momentum and manage risk. We believe the platform we've built - technologically, organizationally, and commercially places FADEL in a strong position to adapt and deliver long-term value for shareholders.

Tarek Fadel
Chief Executive Officer
30 April 2025

CFO's Review

Since joining FADEL as CFO in February 2024, my early focus has been on strengthening the Company's financial resilience while supporting scalable growth. Against a complex macroeconomic backdrop, we acted decisively to improve operational efficiency and align our cost base with long-term strategic goals. This included a detailed review of our global delivery model, commercial structure, and discretionary spending.

During the year, we launched a restructuring initiative aimed at reducing overhead and enhancing margin leverage. A key part of this was the expansion of our Jordan R&D center, which enabled us to shift delivery capacity to a more cost-efficient location without compromising service quality. We also streamlined our commercial support model and implemented cross-location without compromising service quality. We also streamlined our commercial support model and implemented cross-functional systems to increase productivity and transparency across teams.

These actions were taken as part of a broader push across the business to drive cost diligence and cash efficiency - principles that have been echoed throughout the organization and reinforced by the Board. At the same time, we remained committed to funding high-impact growth initiatives, including product innovation and sales enablement. This disciplined approach to financial management has laid the foundation for improved operating leverage and will continue to guide our decision-making as we enter FY25.

Revenue

Revenue for the year was 13.0 million, a decrease of 10% compared to 14.5 million in FY23. As previously disclosed in our 2023 Half-Year Report, this year-on-year reduction reflects an uplift in one-time license revenues in H2 2023 related to a group of IPM Suite clients who transitioned from FADEL-hosted environments to client-hosted or on-premise deployments. In line with US GAAP, license revenue for these customers was recognised in full at contract signing in 2023, whereas in prior periods it would have been amortised across the contract term. This created a one-time benefit in FY23 that was not repeated at the same scale in FY24.

A similar revenue recognition event occurred in H2 2024, although at a lower dollar value due to fewer high-value transitions. These shifts were driven by customer-specific compliance requirements-particularly security and GDPR. As of year-end, we are not aware of any additional customers planning to move from hosted to client-managed environments.

Excluding the impact of these timing differences, underlying performance remained steady, supported by double-digit growth in ARR with customer additions across our IPM Suite and Brand Vision platforms. Service revenue increased by 10% to 3.4 million (2023: 3.1 million), reflecting increased implementation activity, including large-scale rollouts for new IPM clients like Sanoma, and expanded professional services engagements with existing clients such as Pearson.

Expenditure highlights

We maintained cost discipline throughout the year, even as we continued investing in strategic growth initiatives.

Cost of sales decreased by 9% to 5.0 million (2023: 5.5 million), reflecting efficiency gains in service delivery and improved resource allocation, allowing gross margin to remain flat at 62% (2023: 62%).

Research and development expenses remained stable at 3.5 million (2023: 3.8 million), supported by favourable currency movements and allowing for continued commitment to quarterly product releases and new feature development across IPM Suite and Brand Vision.

It is important to note that, under US GAAP, we fully expense R&D costs, whereas many peers using IFRS accounting standards capitalise a portion of their development spend. This results in a more conservative expense profile and impacts direct comparison of EBITDA margins.

SG&A increased to 8.6 million (2023: 7.1 million), driven primarily by planned expansion of our Sales and Marketing function, which accounted for 4.2 million (2023: 2.9 million) of this increase. These investments were aligned with the Company's go-to-market expansion following our IPO.

Gross Profit

Gross profit was 8.0 million (2023: 9.0 million), with a gross margin of 62%, consistent with the prior year. While total revenue declined, our ability to maintain margin percentage reflects ongoing cost control and operational efficiency.

We expect margins to remain in the 62-67% range going forward, with periodic fluctuations based on the balance of high-margin license revenue and lower-margin professional services.

Key Performance Indicators ("KPIs")

The Directors also consider certain business KPIs when assessing performance and believe that these, in addition to US GAAP measures, provide an enhanced understanding of the Company's results and related trends, increasing transparency and clarity of the core results of the business. The Directors believe these metrics are useful in evaluating FADEL's operating performance.

Adjusted EBITDA Loss

Our adjusted EBITDA loss (a non-U.S. GAAP measure), defined as earnings after capitalized commission costs and before interest, tax, depreciation, amortization, exceptional costs, and share-based payments, decreased to 3.9M (2023: 1.8M) as a result of increased expenditure related to planned growth investments. This metric is conservative, and when used for comparison with other companies, it should be noted that, in accordance with U.S. GAAP, we fully expense our R&D costs, which totalled 3.5M in 2024.

	2023	2024
EBITDA	**(1,990,482)**	**(3,959,347)**
Adjustments to operating expenses		
Commissions Capitalized during the period	(546,048)	(474,965)
Exceptional items		
IPO Expenses	262,443	-
Restructuring expenses (1)	-	251,398
Share based payments	542,409	275,643
Total Adjustments	*258,804*	*52,076*
Adjusted EBITDA	**(1,731,678)**	**(3,907,271)**

(1) primarily consist of severance payments made to employees affected by our workforce reduction as part of cost-cutting initiatives. The restructuring was necessary to reduce overhead costs, and ensure long-term financial sustainability

Annual recurring revenue (ARR)

During 2024, we introduced Annual Recurring Revenue (ARR) as a core internal and external performance metric, in line with SaaS industry standards. While ARR is a non-US GAAP measure, it provides a forward-looking view of contracted subscription and support revenues, offering clearer insight into the scale and trajectory of our software business. As part of this initiative, we also calculated ARR retroactively as of 31 December 2023 to provide comparative context.

We report ARR across three categories: IPM Suite (including LicenSee™), Brand Vision, and PictureDesk. In 2024, total ARR grew 10%, increasing from 9.0 million to 9.9 million, driven by solid retention, new client wins, and continued expansion across our two core platforms:

(*in millions*)	As at 31 December 2023	As at 31 December 2024	ARR Growth Rate
IPM Suite	6.6	6.9	*5%*
Brand Vision	1.1	2.1	*91%*
PictureDesk	1.3	0.9	*-31%*
Total	**9.0**	**9.9**	***10%***

Growth in Brand Vision ARR was particularly strong, reflecting six new client wins and deepening adoption of our Content Tracking capabilities within the installed base. IPM Suite delivered steady growth across enterprise and mid-market segments. As anticipated, PictureDesk ARR declined, largely due to reduced commercial prioritisation relative to our other product families. This shift in emphasis-rather than any erosion in market relevance-reflected a strategic focus on scaling IPM and Brand Vision.

Recognizing the long-term potential of PictureDesk, we completed a major UI refresh for the product line and subsequently ramped up sales and marketing efforts in Q4 2024. This investment included hiring a dedicated sales lead and refining our go-to-market strategy. These early actions are already yielding results: in the first quarter of 2025, we significantly expanded the PictureDesk pipeline, including multiple "Private Cloud" installation opportunities with major magazine publishers. These opportunities typically range from 75K to 150K in ARR, with some significantly larger. Importantly, PictureDesk already offers the capabilities required to support these types of installations, capabilities that have been successfully deployed for existing clients. These developments position us to reaccelerate PictureDesk growth in 2025 and capture emerging demand for AI-powered media asset management solutions.

Customer numbers

As with ARR metrics, we track our active client base across the same three core categories: IPM Suite, Brand Vision and PictureDesk. In 2024, total net customer count increased marginally to 140 (2023: 139), driven by new logo additions in IPM and Brand Vision, offset by attrition in PictureDesk.

	2023	Wins	Loss	Merged	2024	Net logo (1) expansion (reduction)
IPM Suite	16	7	-	(1)	22	44%
Brand Vision	9	6	-	-	15	67%
PictureDesk	114	9	(19)	(1)	103	-9%
Total	**139**	**22**	**(19)**	**(2)**	**140**	**2%**

(1) excludes the impact of merged clients

The decline in PictureDesk client count primarily reflected two trends. One lost client was a "Private Cloud" installation client, which represented the vast majority of the associated ARR decline. The remaining churn came from smaller "Public Cloud" instance clients, whose ARR contributions generally ranged from 3K to 8K per client. In Q1 2025, we successfully renewed our largest "Private Cloud" client contract, representing over 0.2 million in annual license value. In parallel, we continued to observe a consistent pattern of churn and additions among our smaller "Public Cloud" PictureDesk clients - a dynamic that remains typical of this segment due to their lower ARR contributions and more variable usage needs.

Cash and working capital

We ended FY24 with 2.6 million in cash (2023: 3.2 million) and no borrowings under our 1.0 million line of credit, refreshing its full available for future use. Total receivables stood at 3.0 million (2023: 6.0 million), with the majority collected shortly after year-end.

Net cash at year-end was 2.4 million which exceeded previously revised internal forecasts. This was supported by proactive engagement with renewing clients, improved contract finalisation cycles, and more timely collections. Cash used in operations totalled 0.6 million (2023: 5.5 million generated), with the prior year figure notably including proceeds from our IPO. The 2024 outflow reflects revenue timing, investment spend, and normalised working capital flows.

Ian Flaherty
Chief Financial Officer
30 April 2025

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

The consolidated Statements of Comprehensive Income of the Group for each of the years ended 31 December 2023 and 2024 are set out below:

Continuing operations	Notes	Year ended 31 December 2023	Year ended 31 December 2024
License/subscription and Support		11,395,295	9,665,773
Professional services		3,091,494	3,356,428
Total revenue	**4**	**14,486,789**	**13,022,201**
Cost of fees and services		5,466,978	4,973,230
Gross Profit		**9,019,811**	**8,048,971**

Research and development		3,833,225	3,456,310
Selling, general and administrative expenses		7,177,068	8,552,008
Depreciation and amortisation		647,640	700,851
Net interest expense		62,550	72,583
Foreign exchange (gains) / losses		(846,035)	275,075
Other income		-	-
Total operating expenses		**10,874,448**	**13,056,827**
Loss before income taxes		**(1,854,637)**	**(5,007,856)**
Income tax (gain) / expense	**5**	(307,015)	818,485
Net loss after taxes		(1,547,622)	(5,826,341)
Total foreign currency (losses) / gains		(501,406)	134,999
Total comprehensive loss		**(2,049,028)**	**(5,691,342)**
Net income attributable to non-controlling interest		1	23
Net loss attributable to the Group		(1,547,623)	(5,826,364)
Net loss after taxes		(1,547,622)	(5,826,341)
Comprehensive income attributable to non-controlling interest		1	23
Comprehensive loss attributable to the Group		(2,049,029)	**(5,691,365)**
Total comprehensive loss		**(2,049,028)**	**(5,691,342)**
Basic and diluted loss per Share ( )	6	(0.12)	(0.28)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The consolidated Statements of Financial Position of the Group for each of the years as at 31 December 2023 and 31 December 2024 are set out below:

		As at 31 December 2023	As at 31 December 2024
Assets	**Notes**		
Cash and cash equivalents		3,191,458	2,607,422
Accounts receivable, net	**8**	2,308,580	1,839,305
Unbilled work-in-progress		3,703,895	1,160,680
Income tax receivable	**17**	660,624	-
Other current assets		298,574	275,984
Current assets		**10,163,131**	**5,883,391**
Intangible assets, net	**7**	2,112,018	1,800,613
Goodwill	**7**	2,209,470	2,178,198
Furniture, equipment and purchased software	**9**	136,212	206,678
Contract costs	**10**	763,323	835,521
Deferred tax asset	**5**	830,778	-
Right-of-use asset	16	202,228	134,777
Non-current assets		**6,254,029**	**5,155,787**
TOTAL ASSETS		**16,417,160**	**11,039,178**
Liabilities			
Accounts payable and accrued expenses		2,299,550	2,542,049
Income tax payable	**5**	1,262,702	1,021,905
Deferred revenue		2,642,005	2,849,163
Notes payable - related parties	11	162,396	162,396
Current lease liability	**16**	67,447	74,248
Current liabilities		**6,434,100**	**6,649,761**
Provisions - end of services indemnity	15	467,225	308,824
Deferred revenue		391,090	445,799
Non-current-Lease liability	16	134,781	60,529
Non-current liabilities		**993,096**	**815,152**
Total liabilities		**7,427,196**	**7,464,913**
Shareholders' equity			
Series A-1 Preferred Shares	**13**	-	-
Common shares	**13**	20,231	20,231
Additional paid-in capital		25,317,043	25,592,686
Accumulated deficit		(16,710,650)	(22,537,014)
Cumulative translation adjustment		362,280	497,279
		8,988,904	**3,573,182**
[illegible]		[illegible]	[illegible]

Non-controlling interest	1,060	1,083
Total Shareholders' equity	**8,989,964**	**3,574,265**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**16,417,160**	**11,039,178**

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

The consolidated Statements of Changes in Equity of the Group for each of the years 31 December 2023 and 31 December 2024 are set out below:

	Preferred shares #	Preferred shares	Common shares #	Common shares	Additional paid in capital	Accumulated deficit	Cumulative translation adjustment	contr i
As at 31 December 2022	**7,552,309**	**7,552**	**7,082,583**	**7,083**	**15,581,802**	**(15,163,027)**	**863,686**	
Converting Preferred shares to common	(7,552,309)	(7,552)	7,552,309	7,552	-	-	-	
Issuance of IPO shares	-	-	5,242,121	5,242	9,438,161	-	-	
Capitalization of direct IPO costs	-	-	-	-	(808,350)	-	-	
Issuance of common shares	-	-	223,289	223	401,022	-	-	
Commission shares	-	-	90,630	91	162,039	-	-	
Non-controlling interest	-	-	-	-	-	-	-	
Adjustment of common stock	-	-	360	-	-	-	-	
Exercise of warrants	-	-	39,958	40	(40)	-	-	
Stock-based compensation	-	-	-	-	542,409	-	-	
Net loss	-	-	-	-	-	(1,547,623)	-	
Foreign exchange translation expense	-	-	-	-	-	-	(501,406)	
As at 31 December 2023	**-**	**-**	**20,231,250**	**20,231**	**25,317,043**	**(16,710,650)**	**362,280**	
Non-controlling interest	-	-	-	-	-	-	-	
Stock-based compensation	-	-	-	-	275,643	-	-	
Net loss	-	-	-	-	-	(5,826,364)	-	
Foreign exchange translation expense	-	-	-	-	-	-	134,999	
As at 31 December 2024	**-**	**-**	**20,231,250**	**20,231**	**25,592,686**	**(22,537,014)**	**497,279**	

CONSOLIDATED STATEMENTS OF CASH FLOWS

The consolidated Statements of Cash Flows of the Group for each of the years ended 31 December 2023 and 2024 are set out below:

	Year ended 31 December 2023	**Year ended 31 December 2024**
Net loss after taxes	**(1,547,622)**	**(5,826,341)**
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortisation	647,640	700,851
Non-cash stock compensation	542,409	275,643
Non-cash commission shares	162,130	-
Non-cash impact of foreign exchange on intangibles	(242,518)	71,102
Changes in assets and liabilities		
Accounts receivable	(445,186)	469,275
Unbilled work-in-progress	(2,774,180)	2,543,215
Income tax receivable	(660,624)	660,624
Other current assets	(84,179)	22,590
Deferred tax asset	123,933	830,778
Capitalisation of commissions	(546,048)	(474,965)
Right of use assets	(92,500)	67,451
Accounts payable and accrued expenses	(564,542)	16,647
Income tax payable	236,100	(240,797)
Deferred revenue	(302,686)	261,867
Net cash used in operating activities	**(5,547,873)**	**(622,060)**

Purchase of furniture, equipment and software	(64,328)	(96,975)
Net cash used by investing activities	**(64,328)**	**(96,975)**
Proceeds with issuance of IPO common shares	8,635,053	-
Cash received from issuance of common shares	401,245	-
Proceeds from shareholder loan	564,009	-
Repayment of shareholder loan	(401,613)	-
Proceeds from line of credit	-	300,000
Repayment of line of credit	(1,000,000)	(300,000)
Proceeds/(repayment) from related party Loan	(75,000)	-
Net cash provided by financing activities	**8,123,694**	-
Effect of exchange rates on cash	(501,406)	134,999
Net (decrease)/increase in cash and cash equivalents	**2,010,087**	**(584,036)**
Cash and cash equivalents, beginning of year	1,181,371	3,191,458
Cash and cash equivalents, end of year	**3,191,458**	**2,607,422**
Supplemental disclosure of cash flow information		
Cash paid for interest	72,155	59,792
Cash received from interest	22,622	3,000
Cash paid for income taxes	21,415	207,782
Conversion of preferred stock to common shares	7,552	-
Conversion of warrants to common shares	40	-
Commissions and fees paid through issuance of common shares	970,480	-

NOTES TO THE FINANCIAL STATEMENTS

1. ORGANISATION AND NATURE OF BUSINESS

The Financial Information consolidates the financial information of the Company and:

- its wholly-owned subsidiaries:
  - Fadel Partners UK Limited ("Fadel UK"), and its wholly-owned subsidiary;
    - Image Data Systems (UK) Limited ("IDS");
  - Fadel Partners France SAS ("Fadel France"); and
  - Fadel Partners Canada Inc. ("Fadel Canada") disolved November 2023.
- its 99.99%-owned subsidiary, Fadel Partners SAL Lebanon ("Fadel Lebanon").

The Company is a New York Corporation formed in July 2003 and reincorporated in Delaware in January 2014. Fadel Lebanon was incorporated in Lebanon in August 2014, Fadel UK was formed in the United Kingdom ("UK") in January 2015, while Fadel Canada was formed in Canada in June 2021 and subsequently dissolved in November 2023. The primary reason for this dissolution was to initiate investment in the UK and expand our workforce there, following our decision to go public in that market. Consequently, it's more logical to close the entity in Canada and concentrate on strengthening our operations in the UK. Fadel France was formed in France in February 2020. IDS was formed in April 1992 in the UK, by an unrelated party, and acquired by the company on 1 October 2021. Together the entities are collectively referred to herein as the "Group". The Group is headquartered in New York, with a presence in Los Angeles, London, Paris and Beirut (Lebanon) and is engaged in providing and servicing its Intellectual Property Rights and Royalty Management suite of software.

On 6 April 2023, the Company was listed and started trading on AIM, a market operated by the London Stock Exchange plc ("AIM").

2. LIQUIDITY AND FINANCIAL CONDITION

Under Accounting Standards Update, or ASU, Presentation of Financial Statements-Going Concern (Accounting Standard Codification ("ASC") Subtopic 205-40) ("ASC 205-40"), the Company has the responsibility to evaluate whether conditions and/or events raise substantial doubt about the Group's ability to meet its future financial obligations as they become due within one year after the date that the Consolidated Financial Information is issued. As required by ASC 205-40, this evaluation shall initially not take into consideration the potential mitigating effects of plans that have not been fully implemented as of the date the Consolidated Financial Information is issued. The Company has assessed the Group's ability to continue as a going concern in accordance with the requirement of ASC 205-40.

As reflected in the consolidated financial information, the Group had approximately 2.6 million in cash and cash equivalents on the Statement of Financial Position as at 31 December 2024. As at 31 December 2024, the Group had negative working capital of approximately 0.8 million and an accumulated deficit approximating 22.5 million. Additionally, the Group had a net loss of approximately 5.8 million and cash used in operating activities of approximately 0.6 million during the year ended 31 December 2024.

During Q4 2024, the Company undertook a comprehensive operational and structural review which led to significant cost-saving measures across key functions. These included the realignment and optimization of the Sales and Marketing and Services teams, along with transitioning certain delivery functions to lower-cost regions. These actions are expected to result in a reduction in annualized cost of sales and operating expenses exceeding 1.5 million, while continuing to support revenue growth and high service levels. The leaner cost structure meaningfully extends the Company's cash runway and supports its strategic path to cash flow breakeven.

The Group continued to expand its Annual Recurring Revenue (ARR), growing approximately 10% year over year in 2024. The Group also maintains access to an undrawn 1.0 million credit facility, providing additional liquidity if required.

Taking into account the Company's cash position, access to additional liquidity, continued ARR expansion, and the substantial cost reductions implemented in Q4 2024, management believes the Group has sufficient resources to meet its obligations and continue as a going concern for a period of at least twelve months from the date of issuance of these consolidated financial statements. Accordingly, the financial statements have been prepared on a going concern basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial Information has been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). They include the accounts of the Company, and interest owned in subsidiaries as follows: 99.99% of Fadel Lebanon and 100% of Fadel UK, Fadel France, Fadel Canada (dissolved November 2023) and IDS. All significant intercompany balances and transactions are eliminated on consolidation. The non-controlling interest represents the 0.00011% share of Fadel Lebanon owned by outside parties.

Use of estimates

The preparation of the consolidated financial information in conformity with US GAAP requires the Group to make estimates and assumptions that affect the reported amounts of the Group's assets and liabilities and disclosure of contingent assets and liabilities, at the date of the Consolidated Financial Information, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

Fair value measurements

Generally accepted accounting principles require the disclosure of the fair value of certain financial instruments, whether or not recognised on the Consolidated Statement of Financial Position, for which it is practicable to estimate fair value. The Group estimated fair values using appropriate valuation methodologies and market information available as of year-end. Considerable judgment is required to develop estimates of fair value, and the estimates presented are not necessarily indicative of the amounts that the Group could realise in a current market exchange. The use of different market assumptions or estimated methodologies could have a material effect on the estimated fair values. Additionally, the fair values were estimated at year end, and current estimates of fair value may differ significantly from the amounts presented.

Fair value is estimated by applying the following hierarchy, which prioritises inputs used to measure fair value into three levels and bases categorisation within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

Level 1: Quoted prices in active markets for identical assets or liabilities;

Level 2: Observable inputs other than quoted prices in active markets for identical assets and liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and

Level 3: Inputs that are generally unobservable and typically management's estimate of assumptions that market participants would use in pricing the asset or liability.

Cash and cash equivalents

All highly liquid investments with maturities of three months or less at the date of purchase are classified as cash equivalents.

Concentrations of credit risk

Financial instruments that potentially subject the Group to concentrations of credit risk consist primarily of cash and cash equivalents, accounts receivable and unbilled work-in-progress. The Company performs on-going evaluations of the Group's customers' financial condition and, generally, requires no collateral from customers.

The Group maintains its bank accounts with major financial institutions in the United States, Lebanon, the UK, and France. At 31 December 2024, the Group had cash balances in excess of the Federal or National insured limits at financial institutions in the United States, France and the UK totalling some US 1.8 million out of a total of US 2.6 million cash deposits. The Company believes the risk is limited as the institutions are large national institutions with strong financial positions. Cash amounts held in Lebanon are not insured and as such minimal deposits are held in Lebanese accounts, with payments transferred in country only on an as needed basis.

Accounts receivable, unbilled work-in-progress and credit losses

Accounts receivable is recorded at the invoiced amount and do not bear interest. Credit is extended based on the evaluation of a customer's financial condition and collateral is not required. Unbilled work-in-progress is revenue which has been earned but not invoiced. An allowance is placed against accounts receivable or unbilled work-in-progress for management's best estimate of the amount of probable credit losses. The Company determines the allowance based on historical write-off experience and information received during collection efforts.

Credit losses to date have been insignificant and within management's expectations. The company provides an allowance for credit losses that is based upon a review of outstanding receivables, historical collection information, expected future losses, and existing economic conditions. Account balances are charged against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. See Note 8 for more details.

Revenue Recognition

The Group follows the guidance of ASC 606, "*Revenue from Contracts with Customers*," and ASC 340, "*Other Assets and Deferred Cost*," to account for revenue from 1 January 2019 onward.

Sources of Revenue

The Group's revenue is primarily derived from the following sources:

1. License Fees
2. Subscription Fees
3. Customer Support
4. Professional Services

Recognition Criteria

Revenue is recognized when control of the promised goods or services is transferred to customers in an amount that reflects the consideration the Group expects to receive in exchange for those goods or services. When a contract includes variable consideration, such as overage fees, contingent fees, or service level penalties, the Group estimates the amount to include in the transaction price only if it is probable that a significant reversal of cumulative revenue will not occur once the uncertainty associated with the variable consideration is resolved.

The Group applies the following five steps to determine the amount of revenue to recognize:

1. Identify the contract(s) with a customer.
2. Identify the performance obligations in the contract.
3. Determine the transaction price.
4. Allocate the transaction price to the performance obligations in the contract.
5. Recognize revenue when or as the Group satisfies a performance obligation.

Performance Obligations and Timing of Revenue Recognition

ASC 606 requires the identification of distinct performance obligations within a contract. The Group customer agreements primarily fall into the three distinct contract structures:

1. SaaS Offerings (Brand Vision, Picture Desk, LicenSee)
2. IPM Suite: FADEL Hosted
3. IPM Suite: Client Hosted

Each of these contract structures includes various promised goods and services that have been assessed to determine if they are distinct or not:

Contract Structures	Promised Goods and Services	Distinct Performance Obligations	Revenue Recognition
1- SaaS Products	- SaaS Subscriptions - Support - Software Updates	SaaS subscription, support, and software updates are highly interdependent and interrelated, forming a single performance obligation.	Over Time
	- Services	Services can be provided independently of the SaaS product functionality, either by the customer or other third parties.	As Delivered
2- IPM Suite: FADEL Hosted	- Software License - Hosting	The software license and hosting are highly interdependent and are treated as a single performance obligation.	Over Time
	- Support / ESS	Support and ESS provide additional, but not essential, benefits separate from the software license and hosting.	Over Time
	- Software Updates	Software updates are considered separate, allowing customers to decide on implementation independently.	Over Time
	- Services	Additional services are not essential to the core functionality of the software license and hosting.	As Delivered
3 - IPM Suite: Client Hosted	- Software License	The software license is distinct since it does not depend on other FADEL-managed services.	As Delivered
	- Support / ESS	These remain separate from the software license, enhancing customer experience but not critical for core software operation.	Over Time
	- Software Updates	Clients can choose whether to implement updates, keeping this service separate from the primary software license obligation.	Over Time
	- Services	Additional services are not essential to the core functionality of the software license and hosting.	As Delivered

The Group allocates the transaction price first by considering if standalone sales data is available for each identified performance obligation. Based on a review of historical subscription agreements, the combined Software License or SaaS Subscription is sold and renewed on a standalone basis. Consequently, the Group utilizes these observable inputs to develop the standalone selling prices of these services.

The Group typically invoices customers annually, with payment terms requiring settlement within 30 days of invoicing. Amounts invoiced are recorded as accounts receivable and as either unearned revenue or revenue, depending on whether control has transferred to the customer.

Costs of Obtaining a Revenue Contract

The Group capitalises costs of obtaining a revenue contract. These costs consist of sales commissions related to the acquisition of such contracts that would not have been incurred if these contracts were not won.

For licenses, the Group estimated the amortisation period based on the remaining expected life of the customer/the term for which it anticipates the Group's contract will remain effective. It anticipates the term due to the project size, terms, complexity and cost of implementation and transition, making it less likely that a client will change vendors for this service.

During the implementation, the Group applied the guidance as at 1 January 2019 only to contracts that were either not completed as of that date, or that had a life of customer that ended after 1 January 2019.

For service and support contracts, the amortisation period is based on the duration of the contract in consideration that it would be less difficult and costly for clients to transition to another vendor for continued service.

Amortisation periods for customer lives typically vary between 5 and 10 years. The Group elected not to apply the practical expedient for contracts that have a duration of less than one year. The Group has also elected to not include amortisation of the costs of obtaining a revenue contract within gross profit in order to help the reader see the business through the eyes of management.

Research and Development Costs:

The Company incurs research and development ("R&D") costs related to the development of software products that are marketed externally as well as internally hosted cloud-based solutions. As such, the Company evaluates its software development activities under both ASC 985-20 (Software to be Sold, Leased, or Marketed) and ASC 350-40 (Internal-Use Software).

In accordance with these standards, the Company historically expenses all R&D costs as incurred. While certain costs could potentially qualify for capitalization under the applicable guidance, management has determined that, due to the integrated nature of development activities and the inability to reasonably segregate capitalizable costs from non-capitalizable costs on a cost-effective basis, all costs are expensed as incurred.

Deferred Revenues

FADEL's contract liabilities primarily consist of amounts invoiced to customers in advance of the delivery of services or the satisfaction of performance obligations under licensing and professional services agreements.

As of January 1, 2024 and 2023, deferred revenue balances were 3,033,095 and 3,335,781, respectively. During the year ended December 31, 2024, 2,650,934 of the deferred revenue was recognized as revenue (2023: 2,348,899).

Unbilled Work-in-Progress

Unbilled work-in-progress represents revenue recognized over time under ASC 606, for performance obligations satisfied but not yet invoiced as of the reporting date, and is included in contract assets on the balance sheet.

As of January 1, 2024 and 2023, unbilled work-in progress balances were 3,703,895 and 729,915 respectively. During the year ended December 31, 2024, 1,800,426 of the unbilled revenues was billed (2023: 287,697).

Depreciation

Furniture and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally three to seven years. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in operations for the period. The cost of maintenance and repairs is charged to operations as incurred. Significant renewals and betterments are capitalised.

Intangible Assets - Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortized. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed. The Group determined that an impairment charge was not necessary during the years ended 31 December 2023 and 2024.

Intangible assets other than goodwill

The Group has three categories of intangible assets other than goodwill:

Brand assets

The Group purchased IDS in October 2021 and with it acquired a long-established and respected brand. At the time of purchase, the Group estimated the useful life of the brand assets acquired for financial reporting purposes and recognises amortisation on a straight-line basis over the useful life of the asset, typically 10 years. Purchased brand assets are reviewed for impairment at each reporting date or when events and circumstances indicate an impairment. The Group determined that an impairment charge was not necessary during the years ended 31 December 2023 and 2024.

Customer relationships

The Group purchased IDS in October 2021 and with it acquired a number of customer relationships. At the time of purchase, the Group estimated the useful life of the customer relationships acquired for financial reporting purposes and recognises amortisation on a straight-line basis over the useful life of the asset, typically 10 years. Purchased customer relationships are reviewed for impairment at each reporting date or when events and circumstances indicate an impairment. The Group determined that an impairment charge was not necessary during the years ended 31 December 2023 and 2024.

Software and technology assets

The Group purchased IDS in October 2021 and with it acquired a number of software and technology assets. At the time of purchase, the Group estimates the useful life of the software and technology assets acquired for financial reporting purposes and recognised amortisation on a straight-line basis over the useful life of the asset, typically 10 years. Purchased software and technology assets are reviewed for impairment at each reporting date or when events and circumstances indicate an impairment. The Group determined that an impairment charge was not necessary during the years ended 31 December 2023 and 2024.

Billed accounts receivable and concentrations of credit risk

As at 31 December 2024, there were two significant customers (defined as contributing at least 10%) that accounted for 49% of accounts receivable.

As at 31 December 2023, there were two significant customers (defined as contributing at least 10%) that accounted for 72% of accounts receivable

Accounts payable and concentrations of credit risk

As at 31 December 2024, there were two significant vendors (defined as contributing at least 10%) that accounted for 44% of accounts payable.

As at 31 December 2023, there were three significant vendors (defined as contributing at least 10%) that accounted for 58% of accounts payable.

Unbilled work-in-progress and concentrations of credit risk

As at 31 December 2024, there were two significant customers that accounted for 69% (34% and 35%) of unbilled work-in-progress.

As at 31 December 2023, there were three significant customers that accounted for 76% (39%, 19% and 18%) of unbilled work-in-progress.

Segmental reporting

The Group reports its business activities in two areas:

- License/subscription and support revenue; and
- Professional services,

which are reported in a manner consistent with the internal reporting to the CEO, who has been identified as the chief operating decision maker.

Revenue concentrations

During 2024, the five largest customers accounted for an aggregate of 6,379,336 of revenue, some 49% of revenue from continuing operations

During 2023, the five largest customers accounted for an aggregate of 8,769,838 of revenue, some 61% of revenue from continuing operations

Top 5 Customers' revenue concentration

'000	Revenue	2023 % of Total Revenue	Revenue	2024 % of Total Revenue
License/subscription	5,944	41%	4,004	31%
Support	720	5%	455	3%
Services	2,106	15%	1,920	15%
Total	**8,770**	**61%**	**6,379**	**49%**

Advertising and promotion costs

Advertising and promotion costs are expensed as incurred. These costs totalled 781,410 for the year ended 31 December 2023 and 1,001,898 for the year ended 31 December 2024.

Income taxes

The Group records deferred tax assets and liabilities for the estimated future tax effects of temporary differences between the tax bases of assets and liabilities and amounts reported in the Group's Consolidated Statements of Financial Position, as well as operating loss and tax-credit carry-forwards. The Group also measures deferred tax assets and liabilities using enacted tax rates expected to be applied to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred tax assets are reduced by a valuation allowance if, based on available evidence, it is more likely than not that these benefits will not be realised.

Stock-based compensation

The Group records stock-based compensation in accordance with FASB ASC Topic 718 "Compensation-Stock Compensation". The fair value of awards granted is recognised as an expense over the requisite service period.

Leases

In February 2016, Financial Accounting Standards Board ("FASB") issued guidance Accounting Standards Codification ("ASC") 842, "Leases", to increase transparency and comparability among organizations by requiring the recognition of right-of-use ("ROU") assets and lease liabilities on the Consolidated Statements of Financial Position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The Company adopted FASB ASC 842 effective 1 January 2022.

The Company determines if an arrangement is a lease at inception. If applicable, operating leases are included in operating lease ROU assets, other current liabilities, and operating lease liabilities on the accompanying Consolidated Statements of Financial Position. If applicable, finance leases are included in property and equipment, other current liabilities, and other long-term liabilities on the accompanying Consolidated Statements of Financial Position.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term.

Foreign currency
The Group's reporting currency is the US Dollar. The functional currency of foreign operations, excluding the Lebanon entity, is the local currency for the foreign subsidiaries. Assets and liabilities of those foreign operations denominated in local currencies are translated at the spot (historical) rate in effect at the applicable reporting date. The Group's Consolidated Statements of Comprehensive Income are translated at the weighted average rate of exchange during the applicable period. Realised and unrealised transaction gains and losses generated by transactions denominated in a currency different from the functional currency of the applicable entity are recorded in other income (expense) in the Consolidated Statements of Comprehensive Income in the period in which they occur.

The exchange rate used to translate the sterling pound ("£"), ("EURO") and (CAD) into for the purpose of preparing the financial information uses the average rate for the Consolidated Statements of Comprehensive Income and Consolidated Statements of Cash Flows and the rate at the end of the reporting period for the Consolidated Statements of Financial Position.

In accordance with applicable US GAAP, on January 1, 2023, our company transitioned Fadel Lebanon to a USD functional currency entity due to the hyperinflationary conditions prevalent in the Lebanese currency. As a result, all financial statements for periods end 31 December 2023 and 2024, reflect the Lebanon subsidiary's operations and financial position in USD.

Comprehensive loss
Comprehensive loss consists of two components:

- net loss; and
- other comprehensive loss.

Other comprehensive loss refers to revenue, expenses, gains and losses that are recorded as an element of Shareholder's equity but are excluded from net loss. Other comprehensive loss consists of foreign currency translation adjustments from those subsidiaries not using the as their functional currency.

Statement of cash flows
Cash flows from the Group's operations are calculated based upon the functional currencies. As a result, amounts related to assets and liabilities reported on the Consolidated Statements of Cash Flows will not necessarily agree with changes in the corresponding balances on the Consolidated Statements of Financial Position.

New Accounting Pronouncements
From time to time, new accounting pronouncements are issued by the FASB or other standard setting bodies and adopted by the Company as at the specified date. Unless otherwise discussed, the Company believes that the impact of recently issued standards that are not yet effective will not have a material impact on the Group's Consolidated Statements of Financial Position, Consolidated Statements of Comprehensive Income or Consolidated Statements of Cash Flows.

Recently Adopted Accounting Pronouncements

In June 2016, the FASB issued ASU No. 2016-13, "Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (ASU 2016-13)". ASU 2016-13 requires that credit losses be reported as an allowance using an expected losses model, representing the entity's current estimate of credit losses expected to be incurred. The accounting guidance currently in effect is based on an incurred loss model. For available-for-sale debt securities with unrealized losses, this standard now requires allowances to be recorded instead of reducing the amortized cost of the investment. The amendments under ASU 2016-13 are effective for interim and annual fiscal periods beginning after 15 December 2022. The Company adopted this standard as of 1 January 2023, with no material impact on its consolidated financial statements.

Recently Issued Accounting Pronouncements
In November 2023, the FASB issued ASU No. 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosure". This standard requires disclosure of significant segment expenses that are regularly provided to the chief operating decision maker ("CODM") and included within each reported measure of segment profit or loss, an amount and description of its composition for other segment items to reconcile to segment profit or loss and the title and position of the entity's CODM. The amendments in this update also expand the interim segment disclosure requirements. This standard is effective for fiscal years beginning after 15 December 2023, and interim periods within fiscal years beginning after 15 December 2024 and early adoption is permitted. The Company is currently evaluating the potential impact that this new standard will have on our consolidated financial statement disclosures.

In December 2023, the FASB issued ASU 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures", which is intended to provide enhancements to annual income tax disclosures. In particular, the standard will require more detailed information in the income tax rate reconciliation, as well as the disclosure of income taxes paid disaggregated by jurisdiction, among other enhancements. The standard is effective for years beginning after 15 December 2024 and early adoption is permitted. The Company is currently evaluating the impact of the standard on the presentation of its consolidated financial statements and footnotes.

In November 2024, the FASB issued ASU 2024-03, Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Topic 220): Disaggregation of Income Statement Expenses. This standard enhances the transparency of financial reporting by requiring public entities to disclose additional information about the nature of certain expense line items presented in the income statement. FADEL is currently evaluating the impact of this standard on its financial statement disclosures.

4. SEGMENTAL REPORTING
The Group reports its business activities in two areas:

- License/subscription and support revenue; and
- professional services,

which are reported in a manner consistent with the internal reporting the Chief Executive Officer, which has been identified as the chief operating decision maker.

While the chief operating decision maker considers there to be only two segments, the Group's revenue is further split

While the chief operating decision maker considers there to be only two segments, the Group's revenue is further split between "license subscriptions and support" (recurring in nature) and "professional services" (non-recurring) and by key product families IPM Suite and Brand Vision (which includes PictureDesk) and hence to aid the readers understanding of our results, the split of revenue from these categories is shown below:

	As at 31 December 2023	As at 31 December 2024
Revenue		
Licence/Subscription		
IPM Suite	7,407,547	6,432,379
Brand Vision	2,312,778	2,559,367
Total Licence/Subscription	**9,720,325**	**8,991,746**
Support		
IPM Suite	1,674,970	674,027
Brand Vision		
Total Support	**1,674,970**	**674,027**
Licence/subscription and support	11,395,295	9,665,773
Professional services	3,091,494	3,356,428
Total Revenue	**14,486,789**	**13,022,201**
Cost of Sales		
License/Subscription and support	3,010,432	3,394,219
Professional services	2,456,546	1,579,011
Total cost of sales	**5,466,978**	**4,973,230**
Gross Profit Margins		
Profit margin licence/subscription and support	74%	65%
Profit margin service	21%	53%
Total gross profit margin	**62%**	**62%**

5. INCOME TAXES

The components of income/(loss) before income taxes are as follows:

	As at 31 December 2023	As at 31 December 2024
Domestic	(3,437,382)	(4,817,109)
Foreign	1,101,596	(83,175)
US taxable profit before income taxes	(2,335,786)	(4,900,284)

Provision for income taxes consisted of the following:

Provision components are as follows:	As at 31 December 2023	As at 31 December 2024
Current:		
Foreign	(454,704)	90,025
Federal	16,283	7,041
State	7,223	(109,360)
Total current expense/(income)	(431,198)	(12,294)
Deferred:		
Foreign	(39,542)	39,732
Federal	6,541	587,582
State	157,184	203,465
Total deferred expense	124,183	830,779
Provision for/(benefit from) income taxes	**(307,015)**	**(818,485)**

Deferred:

The differences between income taxes expected at the U.S federal statutory income tax rate and income taxes reported were as follows:

Effective Tax Rate Reconciliation	As at 31 December 2023	*Tax Rate* As at 31 December 2023 %	As at 31 December 2024	*Tax Rate* As at 31 December 2024 %
U.S federal income tax (benefit) at statutory rate	(490,515)	21	(1,029,060)	21

State tax (net of federal benefit)	143,385	(6)	(186,769)	4
Foreign tax rate differential	(624,689)	27	(8,785)	-
Meals and entertainment	3,343	0	-	-
GILTI income	599,441	0	459,569	(9)
Stock Compensation	-	-	57,885	(1)
Change in Valuation Allowance	-	-	(316,895)	6
True Ups	-	-	1,894,965	(39)
Research & development credit	-	-	-	-
SALT rate change	19,504	(1)	-	-
Other	42,014	(2)	(42,692)	1
Provision for/(benefit from) income taxes	**(307,015)**	**13**	**828,218**	**(17)**

The Company is subject to taxation in the United States and certain foreign jurisdictions. Earnings from non-U.S. activities are subject to local country income tax.

The material jurisdictions where the Company is subject to potential examination by tax authorities include the United States, France, Lebanon and the UK.

U.S Companies are eligible for a deduction that lowers the effective tax rate on certain foreign income. This treatment is referred to as the Foreign-Derived Intangible Income deduction.

As at 31 December 2023, the Company had a federal, state, and foreign NOL carry forwards of approximately 135 thousand, 1.5 million, and 40 thousand, respectively. The state NOL will begin to expire in 2037. As at 31 December 2023, the Company had foreign NOLs in the UK and state NOLs in California, Connecticut, Florida, Massachusetts, New York and Pennsylvania.

As at 31 December 2024, the Company had a federal and state NOL carry forward of approximately 2.5 million and 2.8 million. The state NOL will expire beginning in 2037. As at 31 December 2024, the Company had NOLs in California, Connecticut, Florida, Massachusetts, New York and Pennsylvania.

The TCJA introduced a provision to tax global intangible low-taxed income ("GILTI") of foreign subsidiaries. For the years ended 31 December, 2024 and 2023, the Company had to include GILTI relating to the Company's foreign subsidiaries. The Company elected to account for GILTI as a current period cost.

Significant components of the Company's deferred tax assets and deferred tax liabilities are as follows:

Deferred Tax Table

	As at 31 December 2023	**As at 31 December 2024**
Amortisation	629,016	780,186
Net Operating loss carry forwards	28,306	525,250
Net Operating loss carry forwards (state)	96,109	175,098
Net Operating loss carry forwards (foreign)	2,744,200	675,799
Reserves and accruals	117,276	78,839
Deferred revenue	97,894	111,410
R&D credit	-	-
Net deferred tax assets	**3,712,801**	**2,346,582**
Less valuation allowance	(2,704,468)	**(2,346,582)**
Total deferred tax assets	**(1,008,333)**	-
Total deferred tax liabilities	(177,555)	-
Deferred tax assets, net	**830,778**	-

As required by the authoritative guidance on accounting for income taxes, the Company evaluates the realizability of deferred tax assets on a jurisdictional basis at each reporting date. Accounting for income taxes requires that a valuation allowance be established when it is more likely than not that all or a portion of the deferred taxes will not be realized. The Company considers all positive and negative evidence in determining if, based on the weight of such evidence, a valuation allowance is required. In circumstances where there is sufficient negative evidence indicating that the deferred tax assets are not more likely than not realizable, the Company establishes a valuation allowance. The significant 2024 pre-tax loss, coupled with cumulative book losses projected in early future years, was significant negative evidence considered by the Company. As a result, the Company's valuation balance as of 31 December 2024 is 2.3M.

The change in the valuation allowance is as follows:

	Beginning of the Year	**Additions/ (Deductions)**	**Balance at the end of the year**
2023			
Reserves Deducted from deferred income taxes, net:	954,941	(2,580,475)	3,535,416
Valuation Allowance	-	(2,704,638)	(2,704,638)
2024			
Reserves Deducted from deferred income taxes, net:	3,535,416	(1,147,674)	2,387,742

Valuation allowance	(2,704,468)	(316,895)	(2,387,572)

At 31 December 2024, the Company did not have any unrecognized tax benefits and did not anticipate any significant changes to the unrecognized tax benefits within twelve months of this reporting date. In the year ended 31 December 2024, the Company recorded no interest and penalties on income taxes. At 31 December 2024, there was no accrued interest included in income taxes payable.

The Company considers the earnings of its foreign entities to be permanently reinvested outside the United States based on estimates that future cash generation will be sufficient to meet future domestic cash needs. Accordingly, deferred taxes have not been recorded for the 2.1 million of undistributed earnings of the Company's foreign subsidiaries. As a result of the Tax Cuts and Jobs Act ("TCJA") and the current U.S. taxation of deemed repatriated earnings, the additional taxes that might be payable upon repatriation of foreign earnings are not significant. All other outside basis differences not related to earnings were impractical to account for at this period of time and are currently considered as being permanent in duration.

6. EARNINGS PER SHARE

The Company computes earnings (loss) per share in accordance with ASC 260, Earnings per Share, which requires presentation of both basic and diluted earnings per share on the face of Consolidated Statements of Comprehensive Income. Basic earnings (loss) per share is computed by dividing net income (loss) available to common shareholders by the weighted average number of outstanding shares during the period.

Diluted earnings (loss) per share gives effect to all dilutive potential common shares outstanding during the period. Due to their anti-dilutive effect, the calculation of diluted net loss per share for the years ended 31 December 2023 and 31 December 2024 does not include stock options and warrants. The number of dilutive shares would have been 1,846,296 and 1,689,826 as at 31 December 2024 and 31 December 2023, respectively.

	As at 31 December 2023	**As at 31 December 2024**
Total comprehensive income attributable to Shareholders	(2,049,028)	(5,691,342)
Weighted average number of Shares	16,772,311	20,231,250
Basic and diluted earnings per share ()	**(0.12)**	**(0.28)**

7. BUSINESS COMBINATION

On 1 October 2021, Fadel UK Limited signed a Share Purchase Agreement to acquire 100% of the ordinary shares of Image Data Systems (IDS), a UK based business with over 30 years' experience in image and video management providing production agencies and media publishers with a fast and scalable cloud-based content services platform. The complementary nature of the IDS content services platform, when combined with the digital rights management system of FADEL will make an even more compelling offering for brand managers.

Fair Value of Purchase Consideration
The fair value of the purchase consideration on the acquisition date was (7.4 million (£5.5 million)).

Fair Value of Assets Acquired and Liabilities Assumed
The Group accounted for the acquisition using the purchase method of accounting for business combinations under ASC 805, Business Combinations. The total purchase price was allocated to the tangible and identifiable intangible assets acquired and liabilities based on their estimated fair values as at the acquisition date.

Fair value estimates are based on a complex series of judgments about future events and uncertainties and rely heavily on estimates and assumptions. The Company's judgments used to determine the estimated fair value assigned to each class of assets acquired and liabilities assumed, as well as asset lives and the expected future cash flows and related discount rates, can materially impact the Consolidated Financial Information. Significant inputs used for the calculations included the amount of cash flows, the expected period of the cash flows and the discount rates.

The allocation of the purchase price was based on the Company's estimate of the fair values of the assets acquired and liabilities assumed on the acquisition date, as follows:

- brand assets (0.4 million (£0.30 million));
- customer relationships (0.4 million ((£0.29 million)); and
- software / technology assets (2.07 million (£1.53 million)).

The following table shows the current carrying value of the intangible assets. The information is presented in US Dollar given the assets acquired were paid for in £ and the resulting values arise on consolidation of our UK entities.

	Goodwill	Customer Relationships	Technology Based Assets	Brand Assets	**Total**
Cost					
As at 31 December 2022	2,100,432	356,956	1,857,133	358,249	**4,672,770**
Additions					
As at 31 December 2023	2,209,470	375,487	1,953,542	376,847	**4,915,346**
Additions					
As at 31 December 2024	**2,178,198**	**370,172**	**1,925,890**	**371,513**	**4,845,773**
Amortisation and impairment:					
As at 31 December 2022	-	45,757	238,060	45,923	**329,740**
Amortisation charge for the period	-	36,651	190,683	36,784	**264,118**

As at 31 December 2023	-	**82,408**	**428,743**	**82,707**	**593,858**
Amortisation charge for the period	-	38,234	196,635	38,235	**273,104**
As at 31 December 2024	-	**120,642**	**625,378**	**120,942**	**866,962**
Carrying amount:					
As at 31 December 2022	2,100,432	311,199	1,619,073	312,326	4,343,030
As at 31 December 2023	2,209,470	293,079	1,524,799	294,140	4,321,488
As at 31 December 2024	**2,178,198**	**249,530**	**1,300,512**	**250,571**	**3,978,811**

The approximate estimated future amortization expense is 261,000 (£212,537) each year, for the next five years (2025-2029).

Goodwill represented the excess of the purchase price over the fair value of the net assets acquired. The fair value of IDS net assets on the date of acquisition was 2.28 million (£1.69 million) (of which 1.96 million (£1.45 million) was cash and 0.34 million (£0.25 million) was net working capital). Goodwill was therefore determined to be 2.34 million (£1.74 million), which reflects the perceived value of the employees and expected synergies the combination of the two businesses will bring to the Group.

The consideration's fair value was estimated on the date of acquisition and was to be paid out in a series of stage payments. As at 1 October 2021, the total consideration paid to the sellers or transferred into escrow for future payment was 6.7 million (£5 million). A final payment of 0.58 million (£428,874), as assessed at 31 December 2021. A revised final payment of 0.63 million (£470,032) was agreed subsequently on 10 July 2022 and is recognised as a liability within accounts payable and accrued expenses as at 31 December 2021. The final payment of 568,867 (£470,032) was paid on 30 December 2022.

Goodwill Impairment

The Company assesses its investment in IDS for impairment on at least an annual basis. Based on projections of income, cash flows and the conditions of current operations, it believes the fair value of the reporting unit is greater than it carrying amount and no impairment is needed.

8. ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:

	As at 31 December 2023	As at 31 December 2024
Accounts receivable	2,330,600	1,952,329
Allowance for doubtful accounts	(22,020)	(113,024)
Accounts receivable, Net	**2,308,580**	**1,839,305**

9. FURNITURE, EQUIPMENT AND PURCHASED SOFTWARE

Furniture, equipment and purchased software consist of the following:

	As at 31 December 2023	As at 31 December 2024
Furniture, equipment and purchased software	266,353	363,328
Accumulated depreciation	(130,141)	(156,650)
Furniture and equipment	**136,212**	**206,678**

The depreciation expense was 26,003 and 16,286 for the years ended 31 December 2024 and 2023,

respectively.

10. CONTRACT COSTS

The Group accounts for commission costs in accordance with ASC 606, Revenue from Contracts with Customers, which requires the capitalization of incremental costs of obtaining a contract when the expected amortization period is greater than one year. These costs are amortized on a systematic basis consistent with the pattern of transfer of the goods or services to which the asset relates. Amortization periods for customer lives typically range from 5 to 10 years.

As of 31 December 2024, and 2023, the Group recorded accumulated amortization of 1,863,969 and 1,461,203, respectively. The Group has elected not to apply the practical expedient available under ASC 606 for contracts with a duration of less than one year.

Contract costs consist of the following:

	As at 31 December 2023	As at 31 December 2024
Contract Costs - Opening balance	**584,510**	**763,323**
Commissions capitalised during the year	546,048	474,965
Amortisation charge for the year	(367,235)	(402,767)
Contract costs - Ending Balance	**763,323**	**835,521**

11. RELATED PARTIES

In January 2023, the Group entered into a demand note agreement totalling up to 50,000 with a Director of Fadel Lebanon for the purpose of facilitating banking transactions and supporting working capital needs in Lebanon. The note carries 0% interest per annum, compounded annually. The outstanding balance was fully repaid during the year ended 31 December 2023. On 2 April 2023, Tarek Fadel and the Company entered into a loan agreement whereby Mr. Fadel agreed to advance a loan (the "Fadel Loan") of £451,346 to the Company equivalent to 564,009. The Fadel Loan is unsecured and bears no interest or fees. The Company made a loan repayment of 401,613 on 28 April 2023 after the issuance of 223,289 new depositary interests ("New Shares") over common shares at a price of £1.44 per share (the issuance of 223,289 new depositary interests ("New Shares") over common shares at a price of £1.44 per share (the "Placing"). As of 31 December 2024, the remaining balance on the Fadel Loan is 162,396 and is repayable only as and when, following Admission (and excluding the issue of the New Shares in the Placing), the Company issues new shares at or above the placing price.

12. LINE OF CREDIT: Bank of America

The Group maintains access to a revolving credit facility with Bank of America, N.A., originally established in June 2022 and renewed on an annual basis. The facility provides for borrowings of up to 1.0 million to support working capital and general corporate purposes.

In 2023, the Group repaid 1.0 million in outstanding borrowings originally drawn under the facility in 2022. During the year ended 31 December 2024, the Group drew 300,000 on the facility, which was fully repaid prior to year-end. Borrowings during the year bore interest at a variable rate equal to the U.S. Prime Rate plus 0.95%.

The facility is secured by substantially all assets of Fadel Partners, Inc., and is further supported by a personal guarantee from the Group's Chief Executive Officer, Tarek Fadel.

Subsequent to year end, on April 4, 2025, the facility was renewed and extended through 31 May 2026.

13. COMMON AND PREFERRED STOCK

The Company has authority to issue up to 150,000,000 shares at a par value of 0.001 per share. As of 31 December 2023, there were no preferred shares outstanding. A total of 6,385,937 preferred shares previously issued were converted into common shares in connection with the Company's initial public offering during 2023.

On 2 April 2023 the outstanding preferred shares of MEVP, BBEF, iSME and B&Y were converted into common shares in accordance with the terms of their agreements pursuant to the IPO. Impact Fund by MEVP Holding SAL converted their Series A-2, B and B-1 preferred shares into 5,496,821 common shares, BBEF (Holding) SAL converted their Series A-1 preferred shares into 1,068,837 common shares, iSME SAL Holding converted their Series A-1 preferred shares into 580,383 common shares and B&Y Division One Holding SAL converted their Series B-2 preferred shares into 406,268 common shares.

On 6 April 2023 the Company announced the admission of its entire issued share capital to trading on AIM, a market operated by the London Stock Exchange. In connection with its initial public offering the Company raised gross proceeds of £8.0 million. On 2 May 2023, the Company announced the issuance of 223,289 new depositary interests over common shares at a price of £1.44 per share, raising 401,245.

On 4 August 2023 the company announced that following receipt of two notices to exercise warrants over a total of 121,925 common shares of 0.001 in the Company (the "Common Shares") on a net exercise basis, the Company has concluded the exercise resulting in the issuance of 39,958 Common Shares. These warrants were issued in July 2016 as part of a previous capital raising process. As the warrants were exercised on a net exercise basis there are no proceeds due to the company and following the exercise, no warrants remain outstanding in the Company.

As at 31 December 2023 and 2024, the Company had 20,231,250 common shares of 0.001 each in issue. No additional shares were issued during the year ended 31 December 2024. Shareholders may use this figure as the denominator by which they are required to notify their interest in, or any change to their interest in, the Company under the Disclosure Guidance and Transparency Rules.

14. STOCK OPTION PLANS

In 2014, the Directors approved the "*2014 Equity Incentive Plan*" with a maximum of 1,620,366 shares reserved for issuance. As applicable, the exercise price is as established between the Company and recipient. These options vest over three or four years from date of grant. Options to acquire 961,267 shares were granted and remain outstanding as at 31 December 2023 and 793,830 remain outstanding as at 31 December 2024. Following Admission to AIM on 6 April 2023, the Company does not intend to operate the 2014 *Equity Incentive Plan* to grant further options, as it was superseded by the 2023 *Equity Incentive Plan.*

Outside of the above 2014 *Equity Incentive Plan*, are 576,924 non-plan options with an exercise price of 1.03. These non-plan options were fully vested at 31 December 2021 and expired in February 2023. On 2 April 2023, the Board approved the reissuance of these non-plan options in the same amount (with a ten- year term and an exercise price of £1.44 per share. As at 31 December 2024, the 576,924 non-plan options remained outstanding.

On 2 April 2023, the Directors approved the "*2023 Equity Incentive Plan*" which supersedes the 2014 Plan. Options may be granted at an exercise price determined by the Remuneration Committee which will be not less than the fair market value of a share on the date of grant (i.e. the current market price). Options may not be exercised later than the tenth anniversary of the date of the grant (or such earlier date specified when granted). These options vest over four years from date of grant. For the year ended 31 December 2024, 557,920 options were granted under the "*2023 Equity Incentive Plan*" and 1,723,952 remain outstanding.

Determining the appropriate fair value model and the related assumptions requires judgment. The fair value of each option granted is estimated using a Black-Scholes option-pricing model on the date of grant as follows:

	For the year ended 31 December 2023	**For the year ended 31 December 2024**
Estimated dividend yield	0%	0%
Expected stock price volatility	34%	30%
Risk-free interest rate	3.57%	4.19%
Expected life of option (in years)	6.4	7
Weighted-average fair value per share	0.75	0.62

A summary of the status of the Group's option plans for the year ended 31 December 2024 is as follows

	2014 plan		**Non-plan**		**2023 plan**		
Options outstanding	**Number of Options (in Shares)**	**Weighted average exercise price**	**Number of Options (in Shares)**	**Weighted average exercise price**	**Number of Options (in Shares)**	**Weighted average exercise price**	**Numb Optio (Share**
As at 31 December 2023	**961,267**	**1.21**	**576,924**	**1.78**	**1,186,032**	**1.81**	**2,724,2**
Granted	-	-	-	-	557,920	1.73	557,9

Exercised	-	-	-	-	-	-	
Forfeited or expired	(167,437)	1.19	-	-	(20,000)	1.73	(187,43
As at 31 December 2024	**793,830**	**1.19**	**576,924**	**1.78**	**1,723,952**	**1.73**	**3,094,7**
Exercisable as at 31 December 2023	961,267	1.21	576,924	1.78	151,635	1.79	1,689,8
Exercisable as at 31 December 2024	**793,830**	**1.21**	**576,924**	**1.78**	**475,542**	**1.81**	**1,846,2**

Stock option expense for the year ended 31 December 2024 was 275,643 and 542,409 for the year ended 31 December 2023. Unrecognized compensation expense related to share options which will be recognized through 2025 was 272,980 as at 31 December 2024, compared to 229,224 as at 31 December 2023.

15. RETIREMENT PLAN

The Company has a 401(k) safe harbor plan that covers all employees of the U.S. entity at least 21 years of age who have worked for the Company for at least three months. Employees vest immediately for all employer matching contributions. The retirement plan expense was 112,333 for the year ended 31 December 2024 and 90,299.45 for the year ended 31 December 2023.

The Group also maintains a provision for end-of-service indemnity for employees of its Lebanese subsidiary, in accordance with local labor regulations. This liability reflects the estimated obligation for benefits payable to employees upon separation from service. During 2024, the Company adopted a refined approach to estimating this provision, representing a change in accounting estimate. The updated methodology incorporates a forfeiture rate of 8.11%, derived from historical employee turnover data, and applies a present value discounting approach using a 10% discount rate, consistent with prevailing economic conditions in Lebanon. These changes enhance the accuracy of the estimate by reflecting both expected employee behavior and the time value of money. As at 31 December, 2024 the liability to end of services indemnity was 308,824 (2023: 467,225)

16. LEASES

A lease is defined as a contract that conveys the right to control the use of identified property, plant or equipment for a period of time in exchange for consideration. The Company accounts for its leases in accordance with the guidance in Accounting Standards Codification ("ASC") 842 ("ASC 842"). Substantially all of the leases in which the Company is the lessee are comprised of real estate property for remote office spaces and corporate office space. Substantially all of the leases are classified as operating leases.

As at the year ended 31 December 2024 and 31 December 2023, the Company had approximately 134,777 and 202,228, respectively, of operating lease ROU assets and 134,777 and 202,228, respectively of operating lease liabilities on the Group's Consolidated Statements of Financial Position. The Company has elected not to recognize right-of-use ("ROU") assets and lease liabilities arising from short-term leases, leases with initial terms of twelve months or less, or equipment leases (deemed immaterial) on the Group's Consolidated Statements of Financial Position.

As at 30 December 2024, these leases do not contain material residual value guarantees or impose restrictions or covenants related to dividends or the Company's ability to incur additional financial obligations. The discount rate for operating leases was based on market rates from a bank for obligations with comparable terms effective at the lease inception date.

The following table presents lease costs, future minimum lease payments and other lease information as of 31 December of the remaining years under lease:

Year Ending 31 December,	Operating
2025	74,248
2026	60,529
Total Operating Lease Liabilities	**134,777**
Less amounts representing interest	10,917
Present Value of Future Minimum Lease Payments	**123,860**
Less current maturities	74,248
Long-term Lease Liability	**49,612**

Lease Cost:

	2023	**2024**
Operating lease - operating cash flows (fixed payments)	41,625	62,438
Weighted average remaining lease term -operating	2.7 years	1.7 years
Weighted average discount rate - operating	10%	10%

17. INCOME TAX RECEIVABLE

On 30 September 2022, a withholding tax liability of 32.5% became payable in the UK in connection with an intercompany loan of 2,032,690 between Image Data Systems (UK) Limited ("IDS") and Fadel UK, related to the acquisition of IDS. This resulted in a withholding tax obligation of 660,624, which became reclaimable on the condition that the intercompany loan was repaid or cancelled by 31 December 2023. The tax was paid by IDS to HMRC on 21 June 2023. As the conditions for reclaim were met, the amount was recognized as a receivable as of 31

December 2023, and the refund of 660,624 was received on 25 October 2024.

18. EMPLOYEE BENEFIT TRUST (THE "EBT")

In August 2024, FADEL established an Employee Benefit Trust (EBT) to support the administration of employee equity awards, including the exercise of stock options and acquisition of common shares. The EBT is intended to facilitate employee participation in the Company's equity programs and enhance long-term alignment with shareholder interests.

As of 31 December 2024, the EBT had been formed but had not yet conducted any transactions.

19. SUBSEQUENT EVENTS

In April 2025, the company extended the line of credit with Bank of America, N.A for one more year until May 2026.