IQ-AI Limited

Annual Report and Financial Statements for the year ended 31 December 2023

Registered number: 2044

Contents

Highlights

- **Revenue increased to £609k (2022 - £536k)**
- **Entered into a global distribution agreement with GE HealthCare**
- **Achieved multiple regulatory milestones for our drug candidate IB003 (oral gallium maltolate, GaM)**

Introduction

Clinicians rely on our software to improve the accuracy of their diagnostic decisions, assess how well patients respond to treatment, non-invasively grade tumors, and guide surgical biopsies. We continue to advance into new areas and extend the base functionality of our solutions. Our exceptional client retention, funding from National Institutes of Health (NIH) grants, and our on-going research collaborations with key opinion leaders will help us sustain and broaden our leadership position.

In 2023 our revenue increased to £609k (2022 - £536k) and revenue generated from imaging product sales increased 23% over the prior period. We added clients, rolled out a new mobile app, sustained and financed the Phase 1 clinical trial, and achieved multiple regulatory milestones for our oral brain cancer candidate drug, IB003. Motivated by the promising, early results of the phase 1 trial, we made the decision to make IB003 available to a broader group of patients via an Expanded Access Program (EAP). The EAP offers an opportunity to accelerate our understanding of IB003 and potentially help patients who have run out of treatment options. The EAP will be our primary operational focus in 2024.

Operational Highlights

- In February 2023, we obtained our first Orphan Drug Designation (ODD) for our candidate drug IB003 in the treatment of glioblastoma (GBM) which applies to both adult and paediatric populations.

- We applied for FDA Fast Track Designation for IB003 and this was granted in December 2023.

- A Paediatric Rare Disease (PRD) designation request was submitted to the FDA for IB003 (paediatric glioblastoma, p-GBM). Following the FDA's response and guidance, the initial submission was separated into two PRD designation requests: each representing a different patient cohort. Responses from the FDA for the two submissions are expected in mid-May 2024.

- The first installation of IB Nimble was completed at the Medical College of Wisconsin (MCW) Orthopaedic Department for metastatic bone cancer treatment.

- A second installation of IB Nimble (for brain metastases) was initiated at another hospital and is expected to be completed early Q3 2025.

- Product development is well underway for IB Nimble and includes the harmonization of the app's code base for both Android and iOS, automated testing, functional enhancements, cybersecurity vulnerability mitigation, and preparation for viewing medical images using the mobile app.

- The development of IB Zero G™ is ongoing in collaboration with a major paediatric hospital. Specifically, clinicians aim to minimize or eliminate the use of gadolinium-based contrast agents (GBCAs) in these patients, with a joint validation study planned.

IB Clinic

We believe our exclusive neuro-oncology platform offers distinct advantages over other commercial products. This is backed by a growing body of peer-reviewed publications including many from multi-centre trials that continuously underscore the clinical advantages of our solutions.

Our objective moving forward is to leverage our distinct advantages to reach a wider audience within the brain tumour treatment team, with particular emphasis on neuro-oncologists and neurosurgeons.

The next release of IB Clinic is scheduled for early Q3 2024. This release will include a longitudinal reporting feature that tracks and reports volumetric changes over time. This ability to graphically display quantitative changes based on MR perfusion blood volume measurements is, as far as the Directors are aware, unique to IB. Additionally, other features help address the global problem of "radiologist burnout" by incorporating processing improvements and automation in our more sophisticated mapping solutions.

We are also enthused by the growing neurosurgical "pull" of our technologies into the operating room. Surgical tools and technologies, such as targeted radiation treatment, laser interstitial thermal therapy (LITT), and even the scalpel can be enhanced when used in combination with IB's accurate mapping technologies that distinguish highly vascular (aggressive) tissue from low vascular (necrotic or non-tumour) tissue.

In Q2, we are planning a strategic initiative to rationalise and simplify our portfolio of channel partners. Terminating contractual agreements with certain low-performing partners will allow tighter alignment and focus on a select few. Moving forward, internal resources will be allocated to support partners that have established an active list of sales leads and trial sites. These partners should also possess ample bandwidth and expertise to effectively market our solutions, thereby gaining global traction and scaling our operations. For instance, we recently collaborated with the teams at Bayer on a revised European pricing model based on payer and market variances by region. And current conversations with GE Healthcare now include the potential for direct selling of IB software independent of an integrated platform option.

We are working on an updated CPT code application for direct reimbursement of post-processing perfusion data. The initial application, combining acquisition and post-processing, received positive feedback. Based on panel guidance, we will submit a simplified application later in 2024. Currently, sites can be reimbursed under a generic code, but direct billing is not streamlined. A dedicated CPT for perfusion post-processing will enhance reimbursement efficiency.

IB Zero G

We are optimistic about IB Zero G's potential to generate "with-contrast" image output solely from non-contrast images as input, a capability currently in ongoing development. The patented technology, which the Board believes has disruptive potential in an established global market that is valued at over $2 billion, remains to be validated and translated into the clinical setting. Our optimism is motivated in part by the collaborative interest of our partners at a major paediatric hospital. Together, we are applying IB Zero G to this specific patient population with the goal of providing an alternative to receiving intravenous injections of GBCAs. An expert clinical review of output generated by IB Zero G compared against actual "ground truth" images will provide meaningful insights of IB Zero G's readiness for a revised FDA submission. If the clinical review is successful, a subsequent FDA application would be the next step and would be targeted for this smaller patient population. While this population represents a subset of the overall potential market opportunity, it would still introduce a shift in current clinical paradigms and provide paediatric patients an alternative to receiving GBCAs. The end goal would be a new-to-the-world, fully automated, application that provides a no-GBCA option to paediatric patients and to patients who cannot otherwise receive GBCAs due to compromised renal function or other contraindications. Annual subscriptions to IB Zero G would be based on a given site's estimated procedural volume, thereby enabling clinics of all sizes to access the technology. Moreover, the data required by IB Zero G are commonly acquired as part of routine clinical exams. Therefore, no special or custom MR scanner acquisition sequence is necessary.

IB Nimble

Enabling multidisciplinary, real-time collaboration for complex diseases represents another disruptive shift in how healthcare can and will be provided. IB Nimble is well-positioned to lead this shift. Its flexible backbone architecture can accommodate a wide range of diseases. As disease options for IB Nimble proliferate, so do its licensing options. Over time, we anticipate having the ability to present healthcare institutions with a menu of IB Nimble-driven algorithms from which to choose, including enterprise-wide installations spanning multiple departments, bundled packages, and so on.

As mentioned previously, the code base of the IB Nimble application is undergoing an overhaul to allow enhancements to be made faster and easier, facilitate easier maintenance, and enable widespread distribution and support. We continue to be guided by Dr Joseph Bovi, MD, one of the inventors of IB Nimble, and his growing relationships with national groups and leading centres which treat metastatic brain cancer. Additional groups are growing increasingly aware of the impact IB Nimble is having on healthcare outcomes as Dr Bovi continues to be an invited guest lecturer at various sites and we have actively introduced IB Nimble at tradeshows, IB software product demonstrations, and through the IB User's Group Webinar series. In parallel with the development of IB Nimble, we will continue marketing and outreach efforts and attempt to increase the backlog of interested clients.

IB003 candidate drug for Glioblastoma (GBM)

Glioblastoma (GBM) is a brain disease which has been described as the "deadliest, most-complexed, and treatment-resistant cancers."

The 5-year prognosis (survival rate) for people who have this disease is 5% and the average life expectancy currently stands at 12-18 months with a median of around 14 months.

The Stupp Protocol, defined in 2005, established the standard of care for treating GBM. It consists of maximal surgical resection followed by concomitant chemotherapy and radiation therapy.

Unfortunately, even after treatment, GBM always recurs. More recent developments include tumour treating fields (TTFields) that works by using alternating low-frequency electrical fields to disrupt cell division promoting cell death.

Despite all these efforts, improvements in overall survival (OS) have been minimal and the prognosis for GBM patients remains dismal. In addition, certain treatments are extremely toxic with harsh side effects and significantly compromise the quality of life for these patients. For these reasons, there is a clear medical need for an effective glioblastoma treatment offering good patient tolerability which can be used either as monotherapy or in combination with other innovations. Our goal is to help achieve that.

Our brain cancer candidate lead drug, IB003, is a potential treatment where, unlike many other NCEs (new chemical entities), much is already known about its anti-tumour mechanism at the pre-clinical level as well as some early-stage clinical data in cancer patients. Our partnership with the Medical College of Wisconsin (MCW) is a strategic asset. The clinical and scientific teams have attained a strong understanding spanning decades of research and testing that is propelling IB003 into new applications and patient populations. The growing evidence to date and our own ongoing Phase 1 study already offer us promise in its potential role as a glioblastoma treatment and give us confidence to further accelerate our development plans. Our lead investigator, Professor Jennifer Connelly, MD, recently reported that in the Phase 1 trial "patients seem to tolerate it [IB003] very well". As mentioned, good tolerability will encourage patients to stay on the treatment regime thereby increasing the chances of showing positive efficacy. Coupled with the granting of a Fast-Track Designation by the US FDA and other milestones as highlighted below, we are hopeful that IB003 will become a major asset in the fight against brain cancer.

Overall, 2023 was a busy, productive, and successful year for IQ-AI on IB003. While it is still early in the development of IB003, we are heartened by the numerous achievements that the Company has made in this area to date. The Company is well positioned for the continued development of IB003 with its postulated mode of action, which makes it a potentially unique and distinctive treatment. There is also a great synergy in the usage of IB's imaging know-how and brands which we believe will help accelerate that development.

Going forward in 2024, our focus is to finalize our Phase 1 study and get a clearer understanding of IB003's dosage and safety profile to enable us to further refine its product and clinical features. We will also focus on further building our own Intellectual Property (IP) as well as shoring up any gaps in our development to date to ensure we are able to expedite our progress. The EAP (below) is an example of that understanding as well as the level of interest being generated for IB003, even at this early stage. We shall also be looking further at the utility and value of IB003 in other cancers.

Expanding our reach with IB003 to territories beyond the USA to a global approach is also another focus of our attention in 2024 and beyond because the issue of glioblastoma prevalence is world-wide. This includes pursuing regulatory designations and approvals in other key markets such as the EU and in APAC. We will pursue orphan drug designations in markets that offer similar programs to those in the USA. Additionally, we will seek to implement managed access programs where available.

We remain confident, motivated, and encouraged by our successes to date and look forward to continued success with IB003 for 2024 and beyond.

The most important aspect of this project is the added value that our efforts can potentially make for the patient. Seeing levels of success in IB003 development, however incremental they may be, inspires our efforts. To that end, we encourage you to watch this video link to see what has already been achieved, as well as to gain insight into the planned EAP:

Expanded Access Program ("EAP")

While the development of IB003 continues via the current Phase 1 and planned Phase 2 clinical trials, and with significant regulatory milestones already attained in the USA, we made the decision to make the drug available via an Expanded Access Program (EAP) at the end of 2023. EAPs, also referred to as "compassionate use", enable patients with no other treatment alternatives to gain access to investigational agents that currently do not have FDA approval. We believe IB003 is ideally suited for an EAP. It requires no special shipping or handling, it can be taken in the comfort of one's home, it has exhibited an excellent safety profile and, most importantly, it has the potential to help patients who have exhausted other options.

EAPs are not part of the drug development process. They are formal programs authorized by the FDA that provide a way for patients with serious or immediate life-threatening diseases to access investigational treatment outside of clinical trials.

We worked in conjunction with the clinical team leading the on-going phase 1 study at MCW in defining the EAP protocol. In addition, we have enlisted a company that specializes in facilitating EAPs and have a proven platform that collects and structures the data acquired from the EAP. Whereas phased clinical trials are highly controlled with tight inclusion/exclusion criteria, EAPs provide flexibility allowing a broader cohort of patients to participate. The FDA views this data favourably as it represents "real world data" (RWD) or data more reflective of the general population.

This is significant as EAP data can facilitate discussions with the FDA as we leverage our Fast Track Designation for IB003. In some cases, compelling outcomes from EAPs have eliminated the need for subsequent research studies or they have substantially reduced the size and scope of subsequent research studies. Other potential advantages include:

- EAP data may identify a biomarker or subsets of responders that may not otherwise be well represented in the research trial
- RWD from EAPs is also believed to support post-approval discussions with payers.

Ultimately, we might help patients sooner by enabling access to a potentially promising agent prior to regulatory approval.

For us to make IB003 available via an EAP, we will need to leverage the FDA-allowed cost recovery mechanism. Cost recovery is an FDA-authorized program that allows sponsors of an agent to charge patients for the direct costs of receiving the treatment. IB003 is currently an investigational agent and does not have FDA approval, so insurers will not cover it and patients will need to pay for the agent themselves. We are actively reaching out to various philanthropic organizations and patient advocacy groups who may provide financial assistance to these patients.

We have submitted the documentation package for the EAP to the FDA and a decision is expected by early May. Once we receive authorization, institutional review board (IRB) approvals will need to be obtained before patients can enrol. This will take two to three additional weeks. We are acutely aware of the potential benefit IB003 may provide patients and are maintaining our focus on a swift and successful EAP launch. In addition, amendments to the EAP can be made to accommodate new findings, support inclusion of new patient groups (such as paediatric cancers), add combination therapies, and other updates. We are also considering expanding managed patient access in territories including UK, Germany, Spain, Scandinavia, and France. Each of these territories has specific localised processes according to their laws. A few patients in these areas have expressed an interest in accessing GaM.

Outlook

The new financial year has started off well, and revenue to date is higher than the comparable period in 2023. If this trend continues, we expect to exceed last year's revenue.

Trevor Brown
Chief Executive Officer

Acronym	Definition/Explanation
AE	Adverse event
ATRT	Atypical teratoid rhabdoid tumour
BBB	Blood-brain barrier
CPT	Current Procedural Terminology
DT1	Delta T1 map
DIPG	Diffuse intrinsic pontine glioma
DLT	Dose Limiting Toxicity
DMG	Diffuse midline glioma
EAP	Expanded Access Program (aka "compassionate use")
FDA	Food and Drug Administration
FTB	Fractional Tumour Burden
GaM	Gallium maltolate
GBM	Glioblastoma
GCP	Good Clinical Practice
IB003	Oral gallium maltolate
IND	Investigational New Drug
IRB	Institutional review board
MRI	Magnetic resonance imaging
MRSD	The maximum recommended starting dose
MTD	Maximum tolerated dose
NCE	New Chemical Entity
NCI	National Cancer Institute (USA)
NOAEL	No-observed-adverse-effect level
NOEL	No-observed-effect-level
ODD	Orphan Drug Designation

ORR	Overall response rate
OS	Overall survival
PD	Pharmacodynamic(s)
PFS	Progression-Free Survival
PK	Pharmacokinetic(s)
PR	Partial response
PRD	Paediatric Rare Disease
PRDV	Paediatric Rare Disease Voucher
RANO	Response Assessment in Neuro Oncology
RAPNO	Response Assessment in Paediatric Neuro Oncology
RP2D	Recommended Phase 2 dose
RWD	Real World Data
SAE	Serious adverse event
sRCBV	Standardized Relative Cerebral Blood Volume
WHO	World Health Organization

The Directors present their strategic report on the group for the year ended 31 December 2023.

Principal activities

The principal activity of the Group is the provision of convenient, cost-effective and clinical treatments to patients in the field of medical imaging diagnostics, based on proven technologies. A review of the business is included within the Chief Executive Officer's Statement on page 2.

Strategy

IQ-AI's vision is to become a leader in the field of medical imaging diagnostics. The Company purchased Imaging Biometrics LLC in March 2018 with its suite of advanced imaging diagnostic software products. More recently, the Company made the strategic decision to sponsor a phase 1 clinical trial for the development of a novel oral agent to combat glioblastoma.

Results for the 2023 financial year

The summary results are found in the primary statements of the Group, primarily being the Income Statement, the Statement of Comprehensive Income and Statement of Financial Position.

In summary:

- Group revenue for the year was £609,390 (2022: £535,886)
- Administrative expenses from continuing operations increased to £1,004,086 (2022: £1,035,005)
- Group loss after tax from continuing operations was £623,816 (2022: £511,601)
- The net interest cost for the Group for the period was £9,865 (2022: £10,710)
- Taxation charge was £nil for the period (2022: £nil)
- Basic and diluted loss per share from continuing operations was 0.34p (2022: 0.28p loss)
- As at 31 December 2023, the Group had cash and cash equivalents of £138,751 (2022: £313,985)
- The Group's net assets decreased to £94,924 (2022: £707,073)
- Property, Plant and Equipment and Intangible assets, comprising intellectual property, imaging and diagnostic software and goodwill, decreased to £413,967 (2022: £694,125)
- Post year end fundraise of £371,000

Key performance indicators

The main KPI for the Group is achieving its cash flow forecasts whilst efforts continue to implement the new investing policy.

The Board monitors its cash flow carefully to ensure that it has the funds necessary to meet its on-going working capital requirements, and planned product development costs. Detailed forecasts are produced and reported against on a regular basis.

Future developments

With the encouraging results from the clinical studies, the Company is in an excellent position to deliver benefits to patients, as well as generate value for stakeholders. Further commentary on the Group's future developments can be found in the Chief Executive's Statement on page 2.

Principal risks and uncertainties

This section describes the principal risk factors that the Directors believe could materially affect the Group's risk and performance. Information relating to financial risk management is included in note 20 to the financial statements.

Liquidity risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Board reviews cash flow projections at periodic intervals during the year as well as information regarding cash balances. At balance sheet date, the Group had cash balances of £138,751 (2022: £313,985). The financial forecasts indicate that the Group is expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

Interest rate risk

The Group has convertible loan notes totalling £100,953, including accrued interest, outstanding as at 31 December 2023 (2022: £217,784). The notes accrue interest at a fixed rate of 6% p.a. and, as such, carries a limited interest rate risk. After the year end, the remaining loans were converted into shares.

Cash resources are held in current, floating rate accounts.

Market risk

Market price risk arises from uncertainty about the future valuations of financial instruments held in accordance with the Group's investment objectives. These future valuations are determined by many factors but include the operational and financial performance of the underlying investee companies, as well as market perceptions of the future of the economy and its impact upon the economic environment in which these companies operate.

Risk Table

The following table, whilst not an exhaustive list as other risks may arise or existing risks may materially increase in the future, sets out the principal risks and uncertainties to the continuing Group. These are listed in no order of priority, and alongside the description of each risk is a note of the main mitigating factors and actions the Group is taking to address that risk.

Risks/uncertainties to the continuing Group		
Issue	**Risk/Uncertainty**	**Mitigation**
Imaging Biometrics and Stone Checker may be subject to medical regulatory risk	Without medical regulatory approval it would be difficult to market and sell the products.	The products are medical devices under Classification 1 (medical software), which is the lowest level of classification requiring the least regulatory oversight as they are non-invasive and non-sterile. The products are not used for treatment but are rather used for diagnosis.
Intellectual property	The Group's success depends, in part, on its ability to obtain and maintain protection for its intellectual and proprietary information, so that it can prevent others from making, using or selling its inventions or proprietary rights. The Group's patent applications may not be granted, and its existing patent rights may be successfully challenged and revoked.	The Group invests in maintaining and protecting this intellectual property to reduce risks over the enforceability and validity of the Group's patents. The Group works closely with its legal advisors and obtains where necessary opinions on the intellectual property landscape relevant to the Group's programmes and activities.

TexRAD Limited – use of Intellectual property	Stone Checker's ability to exploit its products is reliant upon the terms of an exclusive licence from TexRAD Limited which grants Stone Checker the right to use the TexRAD's patents in the field of urolithiasis and to research, develop or have developed, make or have made, keep, use, import, export, sell and supply products based upon the TexRAD Plug-in pursuant to the terms of the licence agreement dated 20 August 2015. TexRAD may terminate this agreement under a number of circumstances, which would prevent Stone Checker being able to develop and sell its products.	Balaji Ganeshan of TexRAD works very closely with Stone Checker in the development of the products. The Group continuously monitors its ongoing compliance with the terms of the licence agreement.
Identifying further suitable investments	The Group is dependent upon the ability of the Directors to identify suitable investment opportunities and to implement its investing policy. The Directors are continuing their search to identify further opportunities in line with the Company's investing policy for creating value. The Directors may be unable to identify further targets and thus the Company may not be able to invest its cash in a manner which accomplishes its objectives. There is no guarantee that the Company will be able to acquire further identified opportunities, or indeed complete the investment. The Group's ability to ascertain the merits or risks of the operations of a target company or business. The Group's ability to deploy the net proceeds on a timely basis. The availability and cost of equity or debt capital for future transactions.	The Group has formal investment criteria to identify suitable, earnings-enhancing acquisition targets and employs experienced professionals to drive the acquisition process.
Raising emergency funding	In the event of a significant issue arising for which the Group is required to access substantial liquid funds in excess of its available cash balances, it may not be easy to obtain additional funds as and when required and on acceptable terms.	The Group monitors its cash requirements carefully and in the need of significant additional funds would look to increase its financing.
Loss of key personnel	The Group comprises of a few key individuals in a market which requires high quality experienced staff. Any unforeseen loss of these key personnel would be damaging to the Group. The retention of their services cannot be guaranteed.	The Group has a continuity program in place to ensure that Directors would be able to minimise the disruption caused by the potential loss of key personnel.

The Group may be adversely affected by the enforcement of and changes in legislation and regulation affecting its business	Compliance with various laws and regulations does impose compliance costs and restrictions on the Group, with fines and/or sanctions for non-compliance.	The Group monitors legislative and regulatory changes and alters its business practices where appropriate.
The Group relies on the experience and talent of its senior management and on its ability to recruit and retain key employees	The successful management and operations of the Group are reliant upon the contributions of senior management and directors. In addition, the Group's future success depends in part on its ability to continue to recruit, motivate and retain highly experienced and qualified management and directors.	The Group offers incentives in the form of share options or warrants to incentivise its senior management.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chief Executive Officer's Statement on page 2.

The financial position of the Group, its cash flows and liquidity position are described in this business review. In addition, note 20 to the financial statements include the Group's objectives, policies and processes for managing its capital, the financial risk management objectives, details of its financial instruments and its exposure to credit risk and liquidity risk. As highlighted in note 20, the Group meets its day to day working capital requirements through its revenue generating cash flows, discrete fund raises and the issue of convertible loan notes.

The Company's employees carry out their duties remotely, via the network infrastructure in place. As a result, there was no disruption to the operational activities of the Company during the COVID-19 social distancing and working from home restrictions. All key business functions continue to operate at normal capacity.

The Directors have prepared Group forecasts and projections, which show that the Group has a reasonable expectation of maintaining sufficient working capital to enable the Group to meet its liabilities as they fall due for the foreseeable future, being a period of not less than 12 months from the date of approval of this report. At 31 December 2023, the Group had cash balances of £138,751 (2022: £313,985). In February 2024, the Company placed 24,733,333 new ordinary shares at a price of 1.5p per share to raise £371,000 before expenses which further supports the going concern basis for accounting. Additional further financial support, if required, will be available from the Chief Executive Officer through a convertible loan facility.

After making appropriate enquiries, the Directors continue to adopt the going concern basis in preparing the annual report and accounts.

This report was approved by the board of directors on 29 April 2024 and signed on behalf of the board by:

Trevor Brown
Chief Executive Officer

The Directors present their annual report and audited financial statements for the year ended 31 December 2023.

Incorporation

IQ-AI Limited is incorporated in Jersey, Channel Islands.

During 1996, the Group created a twinned share structure with IQ-AI Holdings (UK) plc to enable UK based shareholders to receive a UK dividend and thereby avoid being double taxed on the Jersey dividend.

As a result of a General Meeting held in June 2017, the twinned share structure has been discontinued. Shareholders now only hold shares in IQ-AI Limited, which are listed on the Main Market (standard segment) of the London Stock Exchange.

In January 2018, IQ-AI Holdings (UK) plc was dissolved and removed from the register at Companies House in the United Kingdom.

Full details of the share capital are provided in note 15 to the financial statements.

Results and dividends

The audited financial statements for the year for the Group and Company are set out on pages 29 to 54.

No dividends will be distributed for the year ended 31 December 2023 (2022: £nil).

Directors

The directors, who served throughout the year, were as follows:

Mr T Brown	Chief Executive Officer
Mr V Kaushal	Non-Executive Director
Mr M Schmainda	Non-Executive Director
Mr B Skelly	Non-Executive Director

Biographical details of the Directors are given on page 21.

The interests of the Directors in the shares of the company and their service contracts are noted in the Remuneration Committee report on pages 22 to 23. The Directors have no interests in share options and awards.

The Directors have sought to ensure that the financial statements of the Company and the Group comply with the disclosure requirements of Jersey Company Law and the listing requirements of the UK Listing Authority.

Capital expenditure

During the year, the Group invested £0 in capital expenditure (2022: £1,525). The Group made an investment in product development during the period of £78,405 (2022: £38,405).

The Group held no bank debt at 31 December 2023 (2022: £nil).

Share capital

Details of the authorised and issued share capital, together with details of the movements in the Company's issued share capital during the year, are shown in note 15. Each share carries the right to one vote at general meetings of the Company and carries no right to fixed income.

There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights. No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

Significant agreements/takeovers directive

There are a number of agreements that take effect, alter or terminate upon a change of control of the Group such as commercial contracts and employee share option/award schemes. None of these are deemed to be significant in terms of their potential impact on the business of the Group as a whole.

Charitable and political donations

The Company did not make any political or charitable donations during the year ended 31 December 2023 (2022: £nil).

Employees

The Company's policy is to provide equal opportunities to all present and potential employees, including, where practical, those who are disabled.

The Group believes in respecting individuals and their rights in the workplace. With this in mind, specific policies are in place covering harassment and bullying, whistle blowing, equal opportunities and data protection.

Ratio of men to women

At 31 December 2023, there were two women (2022: 2) employed across the Group making 29% (2022: 32%) of our Group-wide employee base.

The Board is satisfied that it has the appropriate balance of skills, experience and expertise necessary, and will give due regard to diversity in the event of further changes to both its own membership and/or the membership of the senior management team.

Health and safety

The Group is committed to providing a safe place of work for employees. Group policies are reviewed on a regular basis to ensure that policies regarding training, risk assessment, safe working and accident management are appropriate. There are designated officers responsible for health and safety and issues are reported at each board and executive meeting.

Greenhouse gas emissions

The Group is aware that it needs to measure its operational carbon footprint in order to limit and control its environmental impact. However, given the very limited nature of its operations during the year under review, it has not been practical to measure its carbon footprint. In the future, the Group will only measure the impact of its direct activities, as the full impact of the entire supply chain of its suppliers cannot be measured practically.

Statement of disclosure to independent auditors

Each of the persons who is a Director at the date of approval of this annual report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Independent auditor

PKF Littlejohn LLP have expressed their willingness to continue in office as auditor and will be proposed for reappointment at the next Annual General Meeting.

This report was approved by the board of directors on 29 April 2024 and signed on behalf of the board by:

Trevor Brown
Chief Executive Officer

Statement of Directors' Responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with the applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors are required to prepare the Group and Company financial statements in accordance with EU-endorsed international financial reporting standards ("EU-endorsed IFRS").

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company, and of the profit or loss of the Group and Company for that period.

In preparing these financial statements the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether the EU-endorsed IFRS have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for keeping accounting records that are sufficient to show and explain the Group's and Company's transactions. These records must disclose with reasonable accuracy at any time the financial position of the Group and Company and to enable the Directors to ensure that any financial statements prepared comply with the Companies (Jersey) Law 1991, as amended. They are also responsible for safeguarding the assets of the Company and Group and hence for taking reasonable steps for the prevention and detection of fraud, error, non-compliance with law and regulations and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic report, Directors' report, Directors' Remuneration report and Corporate Governance statement that comply with that law and those regulations.

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in Jersey governing the preparation and dissemination of financial statements, which may vary from the legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

IQ-AI has a standard listing on the London Stock Exchange and is thus not required to comply with the requirements of the U.K. Corporate Governance Code ("the Code") as issued by the Financial Reporting Council. The disclosures below are required by the UKLA's Disclosure and Transparency Rule 7.

The Board is committed to ensuring the highest standards of corporate governance, and voluntarily complies with, subject to a small number of exceptions listed below, the supporting principles and provisions set out in the Code.

In order to implement its business strategy, the Company has adopted a corporate governance structure whereby the key feature is a board of directors comprising at present one executive and three non-executives, where despite the Company's early stage of development, and its registration being in Jersey, the board strives to observe the Quoted Companies Alliance revised Corporate Governance Code for Small and Mid-Size Quoted Companies ('the QCA Code') which the Company has voluntarily adopted. The voluntary adoption of the QCA Code is over and above the requirements of Jersey law.

The Company regularly updates its corporate governance policies and procedures to reflect the changes made to corporate governance guidelines. The following describes the ways in which the Company complies with the detailed provisions of the Code. It includes full disclosure of the limited number of areas in which the Company is non-compliant and explanations why this is so.

The two areas of non-compliance with the Code are:

- neither the Chief Executive Officer, nor the other member of the Audit Committee, has any relevant accounting experience; and
- the Audit Committee is made up of only two members and not at least three independent non-executive Directors.

Meetings of the Board of Directors

Twelve Board meetings were held during the year. The Directors' attendance record during the year are as follows:

	Attendance at Board Meetings
T Brown	12
V Kaushal	12
M Schmainda	12
B Skelly	12

The terms of appointment of the Non-Executive Directors are made available for inspection at the AGM, along with the service contract for the Executive Director. The Non-Executives do not have a fixed term of office in their letters of appointment.

Re-election

The articles of association require each director to retire and submit themselves for re-election every three years, but also that at least one third of the Directors must be submitted for re-election every year.

On an annual basis, the Chairman considers the performance of the Board and discusses with the Company Secretary the re-election process. Given the performance of the Company, the Chairman has confirmed that the Directors being submitted for election in 2024 continue to be highly effective, qualified and committed to their respective roles.

Insurance cover

The Company maintains insurance with a limit of £5m to cover its Directors and officers against the cost of defending themselves against civil legal proceedings taken against them. To the extent permitted by law, the Company also indemnifies its Directors and officers. Neither protection applies in the event of fraud or dishonesty.

Board objectives and operation

The key objectives of the Board are as follows:

- The agreement of strategy.
- The agreement of the detailed set of objectives and policies that facilitate the achievement of strategy.
- Monitoring the performance of executive management in the delivery of objectives and strategy.
- Monitoring and safeguarding the financial position of the Company and Group to ensure that objectives and strategy can be delivered.
- Approval of major capital expenditure and other expenditure that is not part of the defined objectives or strategic plan.
- Approving corporate transactions - this includes any potential acquisition or disposal.
- Delegating clear levels of authority to the Executive management team. This is represented by the defined system of internal controls which is reviewed by the Audit Committee.
- Providing the appropriate framework of support and remuneration structures to encourage and enable Executive management to deliver the objectives and strategies of the Company.
- Monitoring the risks being entered into by the Company and ensuring that all of these are properly evaluated.
- Approval of all external announcements.

A schedule is maintained of matters reserved to the Board for decision.

The Board formally met 12 times in 2023 (2022: 12); the Directors' attendance is summarised on page 17.

For each Board meeting, each Board member receives a pack of information, including financial reports, project updates and a formal agenda together with any relevant documentation.

Nominations Committee

The committee consists of Trever Brown (the Chairman and the Chief Executive). The committee meets as required to fulfil its duties of reviewing the Board structure and composition and identifying and nominating candidates to fill Board vacancies as they arise.

No formal induction process exists for new Directors, but the Chairman ensures that each individual is given a tailored introduction to the Company and fully understands the requirements of the role.

Appraisal of Non-Executive Directors

The Chief Executive normally carries out an annual formal appraisal of the performance of the Non-Executive Directors which takes into account the objectives set in the previous year and the individual's performance in the fulfilment of these objectives. However, given the CEO is the only Executive Director, a formal annual appraisal of the Chief Executive is carried out by the Non-Executive Chairman. All the appraisals of the Non-Executive Directors are provided to the Remuneration Committee.

Remuneration Committee

The report of the Remuneration Committee is included in this annual report. Formal terms of reference for the Remuneration Committee have been documented and are made available for review at the AGM.

Audit Committee

Formal terms of reference for the committee have been documented and are made available for review at the AGM. The Audit Committee is made up of B Skelly and M Schmainda.

The terms of reference of the Audit Committee include the following requirements:

- To monitor the integrity of financial statements and of any formal announcements relating to the Company's financial performance.
- To review the Company's internal controls and risk management systems.
- To make recommendations to the Board in relation to internal control matters that require improvement or modification.
- To make recommendations to the Board in relation to the appointment, re-appointment, and removal of the external auditor and to approve remuneration.
- To review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process.
- To establish and monitor whistle blowing procedures.

No internal audit function exists due to the size of the Group. This is reviewed annually by the Audit Committee which reflects on any increased risk or regulatory changes in the period under review in making their recommendation to the Board.

The Audit Committee met three times during the year and after the year end. Matters considered at these meetings included: reviewing and approving the report and financial statements for the year ended 31 December 2022, the half year results to 30 June 2023 and the report and financial statements for the year ended 31 December 2023; discussion with the external auditors to confirm their independence and scope for audit work; considering the reports from external auditors identifying any accounting or judgemental issues requiring the board's attention and the auditors' assessment of internal controls; reviewing the company's risk register and business continuity procedures; and considering the adequacy of the whistle-blowing facility, the anti-bribery training and monitoring and data protection policy and procedures.

The Audit Committee chairman has maintained dialogue with the auditors outside of the scheduled meetings and meets with the auditors without the presence of the Executive Director and members of the finance team.

The company did not engage its auditor for any non-audit services, which has safeguarded the Auditor's objectivity and independence.

The Audit Committee considers independence from a number of perspectives, not only the materiality of fee income to the audit firm in question. It is only after considering these aspects (along with a report on independence from the external auditor) does it conclude and make recommendations to the Board.

None of the members of the Audit Committee have a formal accounting qualification though all have operated at the highest levels of businesses. The Board is content that the overall level of qualification within the Audit Committee is currently sufficient to enable it to discharge satisfactorily its obligations.

In addition to the Non-Executive Director and the Chief Executive, the external auditor was invited to attend part of the meetings where relevant.

Internal controls

The Board is responsible for the Group and Company's system of internal control and for reviewing its effectiveness. Given the size of the organisation and the level of transactions involved there are limited controls documented and in operation which is appropriate for the Group in its current state.

The Audit Committee consider each year if the current level of internal control is appropriate. On advice from the Audit Committee, the Board does not consider any additional independent verification of the system of internal control to be required, based on the size of the Company and the Group, and the non-complex nature of both its management systems and financial structure.

The Group operates certain controls specifically relating to the production of consolidated financial information, covering operational procedures, validation and review.

The above procedures reflect the Group's commitment to ensuring it has policies in place that ensure high standards of integrity and transparency throughout its operations. Further, when these procedures detect unauthorised practises, the Group is committed to correction of such events. The Group is committed to analysing its internal controls to make them more robust and further limit the risk of such incidents. The Board believes such action properly reflects the Group's commitment to financial discipline and integrity at all levels. The Board has reviewed the effectiveness of internal control systems in operation during the financial period in accordance with the guidelines set out in the FRC's Risk Guidance report, through the processes set out above and no weaknesses or failings were identified.

Dialogue with major shareholders

The Company places considerable importance on communications with shareholders. Discussions take place with major shareholders with the Company's delegating authority to the Chairman and Chief Executive to present the strategy and financial results of the Group.

Annual general meeting

At its AGM the Company complies with the provisions of the Code relating to the disclosure of proxy votes, the separation of resolutions and attendance of Directors, particularly committee chairpersons. The timing of the despatch of the formal notice of the AGM also complies with the Code.

The Directors consider that all the resolutions to be put to the AGM, to be held in May/June 2024, are in the best interests of the Company and its shareholders. The Board will be voting in favour of them and unanimously recommends that shareholders do also.

Responsibility statement of the Directors in respect of the annual financial report

We confirm that to the best of our knowledge:

(i) the financial statements, prepared in accordance with EU-endorsed IFRS, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and

(ii) the annual report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

This report was approved by the board of directors on 29 April 2024 and signed on behalf of the board by:

Trevor Brown
Chief Executive Officer

Trevor Brown
Trevor has been a strategic investor in equities and real estate for more than 30 years. He is currently a Director of Chamberlain plc and Braveheart Group plc.

Vinod Kaushal
Vinod is a Non-Executive Director of IQ-AI Limited. Vinod is a well-seasoned healthcare industry executive with nearly 30 years' experience in predominantly commercial and general management roles. He has worked nationally, regionally and globally for several blue chip and SME companies.

Having been a member of the team which orchestrated the international launch of Losec®/Prilosec® at Astra to its place as the global No. 1 selling pharmaceutical, Vinod was Head of Global Marketing at Novo Nordisk, Senior Vice President Fresenius Kabi, Vice President of Amersham/GE Health's Neurology business, Vice President at Royal Numico/Danone and CEO of SPL amongst other pivotal roles.

Since leaving Big Pharma, Vinod has recently been focused on entrepreneurial activities with several successful SMEs in the Pharma/Healthcare space. With an impressive deal sheet to his name, Vinod has been involved in various IP and business acquisitions. His career has seen him relate to investors on several global stock exchanges and he is an accomplished external speaker. Vinod holds a BSc (Hons) in Biochemistry from Warwick University and an MBA from Henley Business School.

Michael Schmainda
Michael was appointed as a Non-Executive Director of IQ-AI Limited on 18 December 2019. Michael has a 20-year history of successfully building global medical imaging businesses including Prism Clinical Imaging and Imaging Biometrics. As co-founder of IB, and has overseen all aspects of the company's development, operation, and growth since its inception. He has established strong collaborative relationships with leaders in the medical imaging field who drive new product development and has led the translation and commercialisation of sophisticated imaging solutions, achieved regulatory approvals in the US and Europe, and global product adoption.

Michael's career began with 3M Company, a company renowned for bringing new products to market, where he held leadership roles across multiple industries including the life science sector. Prior to IB, Michael was a foundational member of Prism Clinical Imaging, secured the initial investment for the company, and served as president and Chief Operating Officer.

Brett Skelly
Brett has been working in the financial sector for GBAC Limited for over 18 years, carrying out various roles including preparing accounts and auditing a wide range of large and SME companies as well as preparing management information and forecasts. He has been involved in developing business plans and has also been involved in a number of company sales and MBOs over the years. In December 2017, Brett became the outsourced financial controller of Braveheart Investment Group Plc and is also the outsourced financial controller at Anticus Partners Limited.

The Remuneration Committee presents its report for the year ended 31 December 2023.

Membership of the Remuneration Committee

The Remuneration Committee is currently comprised of B Skelly and V Kaushal.

Subject to what appears below, no other third parties have provided advice that materially assisted the Remuneration Committee during the period.

Remuneration policy

The Group's remuneration policy is to retain and motivate its staff with rewards linked to performance and results which promote the interest of the shareholders. Bonus awards for employees are assessed annually taking into account the Group results.

Policy Table:

Objective	Operation	Maximum potential value
Base salary The basic salary element of remuneration is set in relation to responsibilities, length of service and contribution to the Group's activities. Reflects level of responsibility and achievement of individual.	Base salary is set annually on 1 January. Salary levels are reviewed on an annual basis by reference to the median for comparable positions in main market companies of a similar market capitalisation and with similar revenues to the Group. Broadly the Group seeks to pitch base salary around the median level for such comparable positions without tracking it mechanistically.	Broadly pitched around the median level for comparable positions. When considering any increases to base salaries in the normal course (as opposed to a change in role or responsibility), the Board will take into consideration: - Reference to the increases provided to Executives in the comparator group; - Pay and employment conditions of employees throughout the Group, including increases provided to the employee population; and - Inflation.
Other benefits To provide competitive levels of employment benefits.	Futures benefits may include: - Private medical insurance. - Permanent health insurance. - Life assurance of two times base salary. The level of benefits provided is reviewed annually to ensure they remain market competitive.	Cost of providing life assurance, private medical insurance and permanent health insurance.
Non-Executive Director Fees To attract Non-Executive Directors with the requisite skills and experience to perform the role.	Fee levels are set at the level paid for comparable roles at companies of a similar size and complexity to IQ-AI Limited within the main market. The Non-Executive Director fee structure is a matter for the full Board.	Fee levels are set by reference to the median of this peer group. Fee levels are reviewed annually in January. When considering any increases to fee levels in the normal course, the Board will take into consideration: - Increases provided to comparable roles in the comparator group; - Pay and employment conditions of employees throughout the Company, including increases provided to the employee population; and - Inflation.

Share options

No share option scheme was provided to the Directors of the Company at 31st December 2023.

Directors' pensions

The Company does not provide a pension scheme. Additionally, no dependent pensions or benefits are provided.

Remuneration policy for Executive and Non-Executive Directors

The Remuneration Committee seeks to provide the remuneration packages necessary to attract, retain and motivate Executive and Non-Executive Directors of the quality required to manage the business of the Group and seeks to avoid paying more than is necessary for this purpose. In establishing the level of remuneration of each director, the committee has regard to packages offered by similar companies.

Consistent with this policy, the benefit packages awarded to Executive and Non-Executive Directors comprise a mix of performance and non-performance elements. During 2023, the Executive and Non-Executive Directors' pay was not based on the Group achieving financial targets.

Directors' interests (held directly or indirectly) in the Company's shares

	2023 **Number**	2022 Number
T Brown	**40,649,850**	**32,203,457**
V Kaushal	**-**	**-**
M Schmainda*	**9,108,400**	**9,108,400**
B Skelly	**-**	**-**

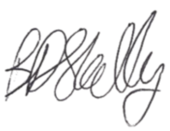
* Includes shares held by related parties

Directors' emoluments

The following table summarises the emoluments of Directors during the year.

	Salary and fees **£**	**Pension** **£**	**Benefits** **£**	**2023 Total** **£**	2022 Total £
T Brown	**100,000**	**-**	**-**	**100,000**	100,000
V Kaushal	**30,000**	**-**	**-**	**30,000**	30,000
M Schmainda	**-**	**-**	**-**	**-**	-
B Skelly*	**30,000**	**-**	**-**	**30,000**	30,000
TOTAL	**160,000**	**-**	**-**	**160,000**	160,000

* Brett Skelly's services were invoiced by GBAC Limited.



Brett Skelly
Chairman of the Remuneration Committee
29 April 2024

Opinion

We have audited the financial statements of IQ-AI Limited (the company) and its subsidiaries (the ‘group’) for the year ended 31 December 2023 which comprise Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the group’s and of the company’s affairs as at 31 December 2023 and of the group’s loss for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the group and company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors’ assessment of the group’s and company’s ability to continue to adopt the going concern basis of accounting included the following audit procedures:

- Obtaining and reviewing management’s assessment of going concern;
- Determining if all relevant information has been included in the assessment of going concern including completeness of forecast expenditure;
- Analysing cash flow forecasts and budgets, reviewing the underlying key assumptions and inputs in relation to revenue and expenditure and checking mathematical accuracy;
- Considering the cash position at and after the year end; and
- Reviewing and stress-testing the reasonable worst-case forecast scenario prepared by management and the financial resources available to deal with this outcome.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group’s or the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Our application of materiality

The quantitative and qualitative thresholds for materiality determine the scope of our audit and the nature, timing and extent of our audit procedures. The materiality applied to the group financial statements was £23,000 (2022: £24,000) based on 5% (2022: 5%) of the loss before tax. The performance materiality for the group was set at £16,100 (2022: £16,800), which is 70% (2022:70%) of overall materiality. We have selected 70% based on our risk assessment of the control environment.

The materiality applied to the company financial statements was £15,000 (2022: £18,000) based on 5% (2022:5%) of the loss before tax. The performance materiality for the company was determined to be £10,500 (2022: £12,600) based on 70%. As a group whose trade is in the process of expanding through product development and existing product revenue streams, loss before tax was considered the most appropriate benchmark to shareholders. For each component in the scope of our group audit, we allocated a materiality that was less than our overall group materiality.

We agreed with those charged with governance that we would report all differences identified during the course of our audit in excess of £1,150 (2022: £1,200) for the group, and £750 (2022: £900) for the company. We also agreed to report any other differences below that threshold that we believe warrant reporting on qualitative grounds.

For each component in scope of the group audit, we allocated a materiality that was less than the group materiality. The range of materiality allocated across the components was between £15,000 and £60 (2022: between £18,000 and £60).

Our approach to the audit

In designing our audit approach, we determined materiality and assessed the risk of material misstatement in the group and company financial statements. In particular, we looked at areas involving significant accounting estimates and judgements by the directors and considered future events that are inherently uncertain including the recognition and valuation of intangible assets. Procedures were then performed to address the risks identified and for the most significant assessed risks of misstatement, the procedures performed are outlined below in the key audit matters section of this report. We also assessed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

In addition to the company, two material components were identified. Both components were subject to an audit conducted directly by us.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our scope addressed this matter
Recognition and valuation of Intangible Assets (refer to notes 2 and 11)	
	Our work on this key audit matter included but was not limited to::

As shown in note 11 of the financial statements, the group reported £340,869 (2022: £531,866) of intangible assets as at 31 December 2023. There is a risk that the Intellectual Property (“IP”), imaging and diagnostic software acquired and under development may not be correctly capitalised in accordance with IAS 38, ***Intangible Assets*** and that its carrying value is not fully recoverable. Additionally, there is a significant risk that projects under development are not fully recoverable, and that impairment indicators exist for commercially available products and have not been identified by management. The assessment of intangible assets and goodwill for impairment requires significant judgement and estimation by management. The subjectivity of the judgements and estimates, together with the material carrying value of intangible assets, make this a key audit matter.	• Documenting our understanding of the systems of the internal control environment over the assessment for impairment; • Substantively testing development expenditure additions to assess their eligibility for capitalisation under IAS 38; • Assessing any accounting policy differences regarding recognition and valuation between US GAAP and EU endorsed IFRS with regards to accounting for development costs; • Reperforming the calculation of the amortisation charge and agreeing that this was in line with the disclosed accounting policy; • Ensuring that the amortisation on products which are commercially available has been correctly charged in accordance with the disclosed accounting policy; • Assessing compliance of the capitalised IP expenditure with the recognition criteria under IAS 38 and challenging management on areas involving significant judgement; and • Enquiring into any indicators of impairment for IP which is commercially available and subject to amortisation. Based on the procedures performed, we consider recognition and valuation of intangible assets to be reasonable.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor’s report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the group and company financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report on by exception

We have nothing to report in respect of the following matters in relation to which the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- proper accounting records have not been kept company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities, The directors are responsible for the preparation of the group and company financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the group and company financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the group and company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, industry research, and application of cumulative audit knowledge and experience of the sector.
- We determined the principal laws and regulations relevant to the group and company in this regard to be those arising from Listing rules, the Companies (Jersey) Law 1991 and local corporate tax laws, Taxation (Accounting Records) (Jersey) Regulations 2013, Disclosure and Transparency Regulations, QCA Corporate Governance Code and General Data Protection Regulation.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group and company with those laws and regulations. These procedures included, but were not limited to:
    - enquiring of management;
    - reviewing of board minutes;
    - reviewing Regulatory News Service announcements; and
    - reviewing legal and regulatory correspondence.
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that the potential for management bias was identified in relation to the recognition and valuation of intangible assets (refer to the key audit matters section of this report). We addressed this by challenging the assumptions and judgements made by management when evaluating any indicators of impairment.

- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.
- We addressed matters of non-compliance with laws and regulations by reviewing board minutes, enquiring about provisions or contingent liabilities and enquiring about any pending litigation and claims.

The audit team addressed potential matters of non-compliance with laws and regulations by reviewing provisions, enquiring the client of whether or nor there were any contingent assets or contingent liabilities and enquiring the client if there were any pending litigation or claims. Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with engagement letter dated 07 March 2024. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Nicholas Joel

Nicholas Joel (Engagement Partner)

For and on behalf of PKF Littlejohn LLP

Recognised Auditor

15 Westferry Circus
Canary Wharf
London E14 4HD

29 April 2024

Consolidated Income Statement
For the year ended 31 December 2023

	Notes	2023 £	2022 £
Continuing operations			
Revenue		**609,390**	535,886
Cost of sales		**(11,636)**	(1,782)
Gross profit		**597,754**	534,104
Administrative expenses		**(1,004,086)**	(1,035,005)
Other income		**8**	10
Operating loss	**5**	**(406,324)**	(500,891)
Impairment of goodwill and intangible assets	**10 & 11**	**(207,627)**	-
Finance costs	**4**	**(9,865)**	(10,710)
Loss before income tax		**(623,816)**	(511,601)
Income tax	**7**	**-**	-
Loss for the year from continuing operations		**(623,816)**	(511,601)
Loss for the year attributable to the owners of the Company		**(623,816)**	(511,601)
Earnings per share attributable to owners of the Company			
From continuing operations:			
Basic and diluted (pence per share)	**8**	**(0.34)**	(0.28)

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2023

	2023 £	2022 £
Loss for the period	**(623,816)**	**(511,601)**
Other comprehensive income		
Items that may be subsequently reclassified as profit or loss		
Exchange differences on translation of foreign operations	**(3,100)**	**(2,593)**
	(3,100)	**(2,593)**
Total comprehensive loss for the year attributable to the owners of the Company	**(626,916)**	**(514,194)**

The accompanying accounting policies and notes are an integral part of these financial statements.

Consolidated Statement of Financial Position

As at 31 December 2023

	Notes	2023 £	Restated 2022 £
Non-current assets			
Property, plant and equipment	**9**	**1,677**	4,233
Goodwill	**10**	**71,420**	158,026
Intangible assets	**11**	**340,870**	531,866
Total non-current assets		**413,967**	694,125
Current assets			
Trade and other receivables	**13**	**168,018**	197,273
Cash and cash equivalents		**138,751**	313,985
Total current assets		**306,769**	511,258
Current liabilities			
Trade and other payables	**14**	**625,812**	498,310
Total current liabilities		**625,812**	498,310
Net current (liabilities)/assets		**(319,043)**	12,948
NET ASSETS		**94,924**	707,073
Equity			
Share capital	**15**	**1,906,715**	1,826,214
Share premium		**20,555,087**	20,553,499
Capital redemption reserve		**23,616**	23,616
Merger reserve		**160,000**	160,000
Convertible loan note reserve	**18**	**100,953**	217,784
Share based payment reserve		**81,696**	81,696
Foreign currency reserve		**22,866**	21,064
Retained losses		**(22,756,009)**	(22,176,800)
Equity attributable to owners of the Company		**94,924**	707,073
TOTAL EQUITY		**94,924**	707,073

The financial statements on pages 29 to 54 were approved by the Board of Directors on 29 April 2024 and signed on its behalf by:

T Brown
Director

B Skelly
Director

Company Registration Number: 2044

The accompanying accounting policies and notes are an integral part of these financial statements.

Company Statement of Financial Position

As at 31 December 2023

	Notes	2023 £	2022 £
Non-current assets			
Investments	**12**	**543,823**	668,823
Total non-current assets		**543,823**	668,823
Current assets			
Trade and other receivables	**13**	**814,413**	1,255,093
Cash and cash equivalents		**1,825**	107,849
Total current assets		**816,238**	1,362,942
Current liabilities			
Trade and other payables	**14**	**307,725**	263,587
Total current liabilities		**307,725**	263,587
Net current assets		**508,513**	1,099,355
NET ASSETS		**1,052,336**	1,768,178
Equity			
Share capital	**15**	**1,906,715**	1,826,214
Share premium		**20,555,087**	20,553,499
Capital redemption reserve		**23,616**	23,616
Merger reserve		**160,000**	160,000
Convertible loan note reserve	**18**	**100,953**	217,784
Share based payment reserve		**81,696**	81,696
Retained losses		**(21,775,731)**	(21,094,631)
Equity attributable to owners of the Company		**1,052,336**	1,768,178
TOTAL EQUITY		**1,052,336**	1,768,178

The financial statements on pages 29 to 54 were approved by the Board of Directors on 29 April 2024 and signed on its behalf by:

T Brown
Director

B Skelly
Director

Company Registration Number: 2044

The accompanying accounting policies and notes are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

	Share capital	Share premium	Capital redemption reserve	reserve	Convertible loan note reserve	Share based payment reserve	Foreign currency reserve	Retained losses	TOTAL EQUITY
	£	£	£	£	£	£	£	£	£
Balance at 1 January 2022	**1,825,076**	**20,547,343**	**23,616**	**160,000**	**207,074**	**71,808**	**20,973**	**(21,665,199)**	**1,190,691**
Loss for the year	-	-	-	-	-	-	-	(511,601)	(511,601)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(2,593)	-	(2,593)
Total comprehensive loss for the year	-	-	-	-	-	-	(2,593)	(511,601)	(514,194)
Shares issued	1,138	6,156	-	-	-	-	-	-	7,294
Share based payments	-	-	-	-	-	9,888	-	-	9,888
Movement in the year	-	-	-	-	10,710	-	2,684	-	13,394
Transactions with owners, recognised directly in equity	1,138	6,156	-	-	10,710	9,888	91	(511,601)	(483,618)
Balance at 31 December 2022	**1,826,214**	**20,553,499**	**23,616**	**160,000**	**217,784**	**81,696**	**21,064**	**(22,176,800)**	**707,073**
Loss for the year	-	-	-	-	-	-	-	(623,816)	(623,816)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(3,100)	-	(3,100)
Total comprehensive loss for the year	-	-	-	-	-	-	(3,100)	(623,816)	(626,916)
Transactions with shareholders:									
Loan conversion	84,464	42,232	-	-	(126,696)	-	-	-	-
Shares cancelled	(3,963)	(40,644)	-	-	-	-	-	44,607	-
Movement in the year	-	-	-	-	9,865	-	4,902	-	14,767
Transactions with owners, recognised directly in equity	80,501	1,588	-	-	(116,831)	-	1,802	(579,209)	(612,149)
Balance at 31 December 2023	**1,906,715**	**20,555,087**	**23,616**	**160,000**	**100,953**	**81,696**	**22,866**	**(22,756,009)**	**94,924**

The accompanying accounting policies and notes are an integral part of these financial statements.

Company Statement of Changes in Equity

For the year ended 31 December 2023

	Share Capital	Share Premium	Capital Redemption Reserve	Merger Reserve	Convertible Loan Note Reserve	Share Based Payment Reserve	Retained Losses	TOTAL EQUITY
	£	£	£	£	£	£	£	£
Balance at 1 January 2022	**1,825,076**	**20,547,343**	**23,616**	**160,000**	**207,074**	**71,808**	**(20,704,621)**	**2,130,296**
Total comprehensive loss for the year	-	-	-	-	-	-	(390,010)	(390,010)
Shares issued	1,138	6,156	-	-	-	-	-	7,294
Unclaimed dividends	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	9,888	-	9,888
Movement in the year	-	-	-	-	10,710	-	-	10,710
Transactions with owners, recognised directly in equity	1,138	6,156	-	-	10,710	9,888	(390,010)	(362,118)
Balance at 31 December 2022	**1,826,214**	**20,553,499**	**23,616**	**160,000**	**217,784**	**81,696**	**(21,094,631)**	**1,768,178**
Total comprehensive loss for the year	-	-	-	-	-	-	(725,707)	(725,707)
Loan conversion	84,464	42,232	-	-	(126,696)	-	-	-
Shares cancelled	(3,963)	(40,644)	-	-	-	-	44,607	-
Cost of shares issued	-	-	-	-	-	-	-	-
Movement in the year	-	-	-	-	9,865	-	-	9,865
Transactions with owners, recognised directly in equity	80,501	1,588	-	-	(116,831)	-	(681,100)	(715,842)
Balance at 31 December 2023	**1,906,715**	**20,555,087**	**23,616**	**160,000**	**100,953**	**81,696**	**(21,775,731)**	**1,052,336**

The accompanying accounting policies and notes are an integral part of these financial statements.

Consolidated and Company Statement of Cash Flows

For the year ended 31 December 2023

	GROUP		COMPANY	
	2023	**2022**	**2023**	**2022**
	£	**£**	**£**	**£**
Operating loss	**(623,816)**	(511,601)	**(725,707)**	(390,010)
Adjustment for:				
Depreciation and amortisation	**115,401**	140,609	**-**	-
Impairment of intangible assets	**207,627**	-	**-**	-
Impairment of the investment in a subsidiary	**-**	-	**125,000**	-
Fees in exchange for shares	**-**	7,292	**-**	7,292
Share based payment expense	**-**	9,888	**-**	9,888
Foreign exchange (loss)/ gain	**37,338**	(73,418)	**-**	-
Finance costs	**9,865**	10,710	**9,865**	10,710
Decrease/(increase) in receivables	**29,254**	(119,084)	**440,679**	(124,787)
Increase in payables	**127,502**	160,933	**44,139**	125,989
Net cash used in operating activities	**(96,829)**	(374,671)	**(106,024)**	(360,918)
Cash flows used in investing activities:				
Purchase of equipment	**-**	(1,525)	**-**	-
Purchase of intangible assets	**(78,405)**	(38,405)	**-**	-
Net cash used in investing activities	**(78,405)**	(39,930)	**-**	-
Cash flows from financing activities				
Shares issued net of share costs	**-**	-	**-**	-
Net cash from financing activities	**-**	-	**-**	-
Net decrease in cash and cash equivalents	**(175,234)**	(414,601)	**(106,024)**	(360,918)
Cash and cash equivalents brought forward	**313,985**	728,586	**107,849**	468,767
Cash and cash equivalents carried forward	**138,751**	313,985	**1,825**	107,849

The accompanying accounting policies and notes are an integral part of these financial statements.

1. Summary of significant accounting policies

IQ-AI Limited (the "Company") is a limited liability company limited by shares incorporated and domiciled in Jersey. The address of the registered office is given on page 55.

The financial statements are presented in pound sterling ("£"), which is also the functional currency of the company, since that is the currency of the primary environment in which the Group and Company operates.

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

Basis of preparation

These financial statements have been prepared and approved by the Directors in accordance with the EU-endorsed international financial reporting standards.

The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with EU-endorsed IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chief Executive Officer's Statement. In addition, note 20 to the financial statements includes the Group's and Company's objectives, policies and processes for managing its capital and its financial risk management objectives.

The Group meets its day to day working capital requirements through its revenue generating cashflows, discrete fund raises and the issue of convertible loan notes.

The current economic conditions continue to create uncertainty, particularly over (a) the level of demand for the group's products; and (b) the availability of finance for the foreseeable future. The Directors are satisfied that the Group has sufficient resources to meet any obligations over the going concern period. At 31 December 2023, the Group had cash balances of £138,751 (2022: £313,985).

Additional financial support, if required, will be available from the Chief Executive Officer through a convertible loan facility. In addition, all existing convertible loans including accrued interest are not repayable in cash. After the year end, the remaining loans were converted into shares.

In February 2024, the Company placed 24,733,333 new ordinary shares at a price of 1.5p per share to raise £371,000 before expenses.

Taking in to account the comments above, the Directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Therefore, they continue to adopt the going concern basis of accounting in preparing the financial statements. There has been no direct impact to the Company and the Group due to the war in the Ukraine.

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

The Group has adopted all recognition, measurement and disclosure requirements of IFRS, including any new and revised standards and interpretations of IFRS, in effect for annual periods commencing on or after 1 January 2023. The adoption of these standards and amendments did not have any material impact on the financial result of position in the Group.

At the date of authorisation of these financial statements, the following Standards and Interpretation, which have not yet been applied in these financial statements, were in issue, but not yet effective:

1. Summary of significant accounting policies (continued)

Standards /interpretations	Application
IAS 1 amendments	Presentation and Classification of Liabilities as Current or Non current
IAS 16 Amendments	Lease liability in a sale and leaseback
IAS 1 Amendments	Presentation of Financial Statements

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

Basis of consolidation

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

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

Investments in subsidiaries

Investments in subsidiaries are held at cost less any impairment.

Goodwill

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

Foreign currency translation

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

1. Summary of significant accounting policies (continued)

Foreign currency translation (continued)

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

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

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

Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Equipment	*3 - 8 years*

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Intangible assets – Intellectual property and internally generated software

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

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

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

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

Other development expenditure that does not meet these criteria is recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Software development costs recognised as assets are amortised over their estimated useful lives, which do not exceed 5 years. Amortisation commences when regulatory approval is obtained, and the product is commercially available.

1. Summary of significant accounting policies (continued)

Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

Financial instruments

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

Financial assets

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

Loans and receivables

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

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

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

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

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with maturities of three months or less.

Financial liabilities and equity instruments issued by the group

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

1. Summary of significant accounting policies (continued)

Convertible loan notes

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

Trade and other payables

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

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

Segment reporting

An operating segment is a component of the Group that engages in business activity from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with and of the Group's other components. All operating segments' operating results, for which discrete financial information is available, are reviewed regularly by the Group's Board to make decisions about resources to be allocated to the segment and assess its performance. The Group reports on a two-segment basis – holding company expenses and medical software.

Share capital

Ordinary shares

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

Share-based payments

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

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

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

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

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

1. Summary of significant accounting policies (continued)

Share-based payments (continued)

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

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

Revenue recognition

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

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

Taxation

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

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

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

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

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

2. Critical accounting estimates and judgements

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

Critical accounting estimates and assumptions

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

2. Critical accounting estimates and judgements (continued)

Impairment of intangible assets
The directors have reviewed the valuation of Stone Checker Software Limited in the year and valued the company based on the last offer that was received in the previous year for the company and its software. Since the offer, there has been very little in the way of sales and the asset has been impaired accordingly. Refer to Note 10 and Note 11.

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

Capitalisation of internally developed software
Distinguishing the research and development phases of the software suites and determining whether the recognition requirements for the capitalisation of development costs are met requires judgement. After capitalisation, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalised costs may be impaired. Refer to Note 11.

3. Segmental analysis
The Directors are of the opinion that under IFRS 8 – "Segmental Information" the Group operated in two primary business segments in 2023: being holding company expenses and medical software. The secondary segment is geographic. The Group's losses and net assets by primary business segments are shown below.

Segmentation by continuing businesses:
The following is an analysis of the Group's assets and liabilities by reportable segment as at 31 December 2023 and the capital expenditure for the year then ended:

	Holding company	Medical Software	Oral GaM	Total
Total assets	13,936	292,833	-	**306,769**
Total liabilities	(112,524)	(143,972)	(369,315)	**(625,811)**
Intangible assets	71,420	340,869	-	**412,289**
PP&E	-	1,677	-	**1,677**
	(27,168)	491,407	(369,315)	**94,924**

The following is an analysis of the Group's assets and liabilities by reportable segment as at 31 December 2022 and the capital expenditure for the year then ended:

	Holding company	Medical Software	Oral GaM	Total
Total assets	123,946	387,312	-	**511,258**
Total liabilities	(65,733)	(239,924)	(192,652)	**(498,309)**
Intangible assets	158,026	531,866	-	**689,892**
PP&E	-	4,232	-	**4,232**
	216,239	683,486	(192,652)	**707,073**

3. Segmental analysis (continued)

The following is an analysis of the Group's revenue and results by reportable segment in 2023:

	Holding company	Medical software	Oral GaM	Total
Revenue	-	609,390	-	**609,390**
Cost of sales	-	(11,636)	-	**(11,636)**
Gross profit	**-**	**597,754**	**-**	**597,754**
Administration expenses	(376,296)	(436,590)	(191,200)	**(1,004,086)**
Other income	8	-	-	**8**
Operating profit	**(376,288)**	**161,164**	**(191,200)**	**(406,324)**
Impairment of goodwill and intangible assets	(207,627)	**-**	**-**	**(207,627)**
Finance costs	(9,865)	-	-	**(9,865)**
Profit / (loss) before tax	**(593,780)**	**161,164**	**(191,200)**	**(623,816)**
Tax (charge) / credit for the year	-	-	-	**-**
Profit / (loss) for the year	**(593,780)**	**161,164**	**(191,200)**	**(623,816)**

The following is an analysis of the Group's revenue and results by reportable segment in 2022:

	Holding company	Medical software	Oral GaM	Total
Revenue	-	535,886	-	**535,886**
Cost of sales	-	(1,782)	-	**(1,782)**
Gross profit	**-**	**534,104**	**-**	**534,104**
Administration expenses	(379,310)	(486,722)	(168,973)	**(1,035,005)**
Other income	10	-	-	**10**
Operating profit	**(379,300)**	**47,382**	**(168,973)**	**(500,891)**
Finance costs	(10,710)	-	-	**(10,710)**
Profit / (loss) before tax	**(390,010)**	**47,382**	**(168,973)**	**(511,601)**
Tax (charge) / credit for the year	-	-	-	**-**
Profit / (loss) for the year	**(390,010)**	**47,382**	**(168,973)**	**(511,601)**

Segmentation by geographical area:

	2023	2022
	£	£
Revenue to external customers		
United States of America	**609,390**	535,886
	609,390	535,886

3. Segmental analysis (continued)

The following is an analysis of the Group's assets and liabilities by reportable segment as at 31 December 2023 and the capital expenditure for the year then ended:

	Jersey	United Kingdom	United States of America	Total
Total assets	13,936	74	292,759	**306,769**
Total liabilities	(112,524)	-	(513,287)	**(625,811)**
Intangible assets	71,346	-	340,943	**412,289**
PP&E	-	-	1,677	**1,677**
	(27,242)	74	122,092	**94,924**

The following is an analysis of the Group's assets and liabilities by reportable segment as at 31 December 2022 and the capital expenditure for the year then ended:

	Jersey	United Kingdom	United States of America	Total
Total assets	123,946	74	387,238	**511,258**
Total liabilities	(65,733)		(432,576)	**(498,310)**
Intangible assets	158,026	125,000	406,866	**689,892**
PP&E			4,232	**4,232**
	216,239	125,074	365,760	**707,073**

The following is an analysis of the Group's revenue and results by reportable segment in 2023:

	Jersey	United Kingdom	United States of America	Total
Revenue	-	-	609,390	**609,390**
Cost of sales	-	-	(11,636)	**(11,636)**
Gross profit	**-**	**-**	**597,754**	**597,754**
Administration expenses	(376,296)	-	(627,790)	**(1,004,086)**
Other income	8	-	-	**8**
Operating profit	**(376,288)**	**-**	**(30,036)**	**(406,324)**
Impairment of goodwill and intangible assets	**(207,627)**	**-**	**-**	**(207,627)**
Finance costs	(9,865)	-	-	**(9,865)**
Profit / (loss) before tax	**(593,780)**	**-**	**(30,036)**	**(623,816)**
Tax (charge) / credit for the year	-	-	-	**-**
Profit / (loss) for the year	**(593,780)**	**-**	**(30,036)**	**(623,816)**

3. Segmental analysis (continued)

The following is an analysis of the Group's revenue and results by reportable segment in 2022:

	Jersey	United Kingdom	United States of America	Total
Revenue	-	-	535,886	535,886
Cost of sales	-	-	(1,782)	(1,782)
Gross profit	**-**	**-**	**534,104**	**534,104**
Administration expenses	(379,300)	(775)	(654,930)	(1,035,005)
Other income	-	-	10	10
Operating profit	**(379,300)**	**(775)**	**(120,816)**	**(500,891)**
Finance costs	(10,710)	-	-	(10,710)
Profit / (loss) before tax	**(390,010)**	**(775)**	**(120,816)**	**(511,601)**
Tax (charge) / credit for the year	-	-	-	-
Profit / (loss) for the year	**(390,010)**	**(775)**	**(120,816)**	**(511,601)**

Revenue is attributable to the principle activities of the Group. In 2023 and 2022, all revenue arose within the United States of America.

	Group	Group
	2023	**2022**
	£	**£**
Grant income	141,598	153,943
Software income	467,792	381,943
	609,390	535,886

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines:

2023	Grant income	Software income	Total
Timing of revenue recognition			
At a point in time	141,598	626	142,224
Over time	-	467,166	467,166
	141,598	467,792	609,390

2022	Grant income	Software income	Total
Timing of revenue recognition			
At a point in time	153,943	-	153,943
Over time	-	381,943	381,943
	153,943	381,943	535,886

4. Finance costs

	2023	2022
	£	£
Interest payable on unsecured convertible loan notes	**9,865**	10,710

5. Operating loss

	2023	2022
	£	£
The following items have been included in arriving at operating loss		
Staff costs	**326,632**	398,620
Amortisation of internally generated intangible assets	**113,068**	138,413
	439,700	537,033

Auditor's remuneration has been included in arriving at operating loss as follows:

	2023	2022
Fees payable to the Company's auditor and their associates for the audit of the Group and Company's financial statements	**37,500**	34,000
Total audit fees payable to the Group auditors	**37,500**	34,000

6. Employee information

The average monthly number of employees (including Executive Directors) was:

	2023	2022
	Number	Number
Administration	**7**	**7**

	£	£
Staff costs (for the above employees)		
Wages and salaries	**324,456**	396,145
Social security costs and pension contributions	**2,176**	2,475
	326,632	398,620

Directors' remuneration and transactions

	2023	2022
	£	£
Directors' remuneration		
Emoluments and fees	**160,000**	160,000
Remuneration of the highest paid director:		
Emoluments and fees	**100,000**	100,000
	100,000	100,000

7. Income tax expense

The tax assessed for the period is different from the standard rate of Income tax as explained below:	**2023 £**	2022 £
Loss before tax on continuing operations	**(623,816)**	(511,601)
Loss before tax multiplied by the standard rate of Jersey income tax of 0%	**-**	-
Adjustments to tax in respect of prior periods	**-**	-
Tax (credit)/charge for period	**-**	-

8. Earnings per share

Basic and diluted

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

Group:	**2023**	2022
Loss attributable to equity holders of the parent (£)	**(623,816)**	(511,601)
Weighted average number of shares in issue (Number)	**183,700,212**	182,609,544
Potentially dilutive ordinary shares	**6,792,500**	6,792,500
For diluted earnings per ordinary share	**190,492,712**	189,402,044
Basic and diluted loss per share (pence) from continuing operations	**(0.34)**	(0.28)

The diluted loss per Ordinary Share is calculated by adjusting the weighted average number of Ordinary Shares outstanding to consider the impact of options, warrants and other dilutive securities. As the effect of potential dilutive Ordinary Shares in the current year would be anti-dilutive, they are not included in the above calculation of dilutive earnings per Ordinary Share.

9. Property, plant and equipment

Group	Equipment £	**Total £**
Cost		
At 1 January 2022	16,020	**16,020**
Additions	1,525	**1,525**
Exchange differences	1,121	**1,121**
At 31 December 2022	18,666	**18,666**
Additions		
Exchange differences	(672)	**(672)**
At 31 December 2023	17,994	**17,994**
Depreciation		
At 1 January 2022	(11,580)	**(11,580)**
Charge for the year	(2,194)	**(2,194)**
Exchange differences	(659)	**(659)**
At 31 December 2022	(14,433)	**(14,433)**
Charge for the year	(2,333)	**(2,333)**
Exchange differences	449	**449**
At 31 December 2023	(16,317)	**(16,317)**
Carrying amount		
At 31 December 2023	1,677	**1,677**
At 31 December 2022	4,233	**4,233**

10. Goodwill

Group	**£**
Cost	
At 1 January 2022 – as restated	**149,795**
Exchange differences	8,231
At 31 December 2022 – as restated	**158,026**
Exchange differences	(3,979)
Impairment	(82,627)
At 31 December 2023	**71,420**

The goodwill at 31 December 2023 represents the goodwill recognised at the purchase of the Company's subsidiary companies Imaging Biometrics and Stone Checker Software Limited. The goodwill is not amortised but is reviewed on an annual basis for impairment, or more frequently if there are indications that goodwill might be impaired. The impairment review comprises a comparison of the carrying amount of the goodwill with its recoverable amount (the higher of fair value less costs to sell and value in use). The goodwill of Stone Checker Software Limited has been fully impaired in the year.

11. Intangible assets – intellectual property, imaging and diagnostic software

Group	**£**
Cost	
At 1 January 2022	**959,775**
Exchange differences	60,613
Additions from internal development	38,405
Impairment	-
At 31 December 2022	**1,058,793**
Exchange differences	(29,302)
Additions from internal development	78,405
Impairment	(125,000)
At 31 December 2023	**982,896**
Accumulated Amortisation	
At 1 January 2022	**392,715**
Exchange differences	(4,201)
Charge for the year	138,413
At 31 December 2022	**526,927**
Exchange differences	2,031
Charge for the year	113,068
At 31 December 2023	**642,026**
Net book value	
At 31 December 2023	**340,870**
At 31 December 2022	**531,866**

The Directors have reviewed the valuation of Stone Checker Software Limited in the year and concluded that the current commercial position is that the asset should be written down to its recoverable amount of £nil.

12. Investments in subsidiaries

Company	Shares in group undertakings £
Cost	
At 1 January 2022	**668,823**
Impairment	-
At 31 December 2022	**668,823**
Impairment	(125,000)
At 31 December 2023	**543,823**

At 31 December 2023, the Group consisted of a parent company, IQ-AI Limited, registered in Jersey and its two wholly owned subsidiaries.

Subsidiaries:

Imaging Biometrics LLC

Registered Office: 13406 Watertown Plank Road, Elm Grove, WI 53122, United States of America

Nature of business: develops ready-to-use software applications for the healthcare industry.

Class of share	% Holding
Ordinary shares	100

Stone Checker Software Limited

Registered Office: Unit 12 Westway Business Centre, Marksbury, Bath, BA2 9HN, United Kingdom

Nature of business: supplier of technology solutions in the field of kidney stone analysis and kidney stone prevention.

Class of share	% Holding
Ordinary shares	100

The impairment of £125,00 as shown above is in relation to the value of the investment in Stone Checker Software Limited, of which the Directors have written down the value to its current recoverable amount as stated within Note 11.

13. Trade and other receivables

	Group		Company	
	2023	2022	**2023**	2022
	£	£	**£**	£
Amounts owed by group undertakings	**-**	-	**802,303**	1,238,995
Trade receivables	**105,640**	150,647	**-**	-
Other receivables	**34,458**	10,320	**-**	-
Prepayments	**27,920**	36,306	**12,110**	16,098
	168,018	197,273	**814,413**	1,255,093

In the Directors' opinion, the carrying amounts of receivables is considered a reasonable approximation of fair value. The Group monitors on a monthly basis the receivable balance and makes impairment provisions when debt reaches a certain age. There are no significant known credit risks as at 31 December 2023 (2022: none).

14. Trade and other payables

	Group		Company	
		Restated		
	2023	2022	**2023**	2022
	£	£	**£**	£
Amounts owed to group undertakings	**-**	-	**245,201**	185,655
Loans	**-**	-	**-**	-
Other creditors	**136,215**	12,302	**-**	-
Accruals and deferred income	**489,597**	486,008	**62,524**	77,932
	625,812	498,310	**307,725**	263,587

In the Directors' opinion, the carrying amount of payables is considered a reasonable approximation of fair value.

15. Share capital

	2023	2022	**2023**	2022
	Number	Number	**£**	£
Allotted, called up and fully paid				
Ordinary shares of 1p each	**190,671,542**	182,621,390	**1,906,715**	1,826,214
	190,671,542	182,621,390	**1,906,715**	1,826,214

The movement in share capital is detailed below:

	Number of shares issued
On 18 August 2023, the Company cancelled 396,241 new ordinary shares at 1p per share.	(396,241)
On 9 November 2023, the Company issued 8,446,393 new ordinary shares at 1p per share.	8,446,393

The movement in share capital of the previous year is detailed below:

	Number of shares issued
On 8 February 2022, the Company issued 113,781 new ordinary shares at 5p per share.	113,781

16. Reserves

The Group's reserves are made up as follows:

Share capital: Represents the nominal value of the issued share capital.

Share premium account: Represents amounts received in excess of the nominal value on the issue of share capital less any costs associated with the issue of shares.

Capital redemption reserve: Reserve created on the redemption of the Company's shares

Merger reserve: Represents the difference between the nominal value of the share capital issued by the Company and the fair value of Stone Checker Software Limited at the date of acquisition.

Convertible loan note reserve: Represents the equity portion of the Convertible Loan Notes issued by the Company.

Foreign currency translation reserve: Reserve arising from the translation of foreign subsidiaries at consolidation.

Retained earnings: Represents accumulated comprehensive income for the year and prior periods.

17. Share-based payments

On 1 November 2018, 6,017,500 shares in IQ-AI Limited were granted under option to David Smith. The shares are exercisable at 2.60p and the option will vest over 3 years, with 1/3rd vesting on 1 August 2019 and the remainder vesting at a rate of 1/36th per month on the last day of each month, until the shares become fully vested. The option will be exercisable for 10 years and will lapse on 1 August 2028. There are no cash settlement alternatives. The fair value is estimated as at the date of grant using a Black-Scholes model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model.

On 20 September 2022, 775,000 shares in IQ-AI Limited were granted under option to employees of Imaging Biometrics LLC. The shares are exercisable at 2.253p and the options are exercisable over 10 years from the date of grant. The fair value is estimated as at the date of grant using a Black-Scholes model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model.

	2018
Exercise price (pence)	**2.60p**
Shares under option	**6,017,500**
Risk free interest (%)	**2**
Expected volatility (%)	**52%**
Expected life in years	**3**

	2022
Exercise price (pence)	**2.253p**
Shares under option	**775,000**
Risk free interest (%)	**3**
Expected volatility (%)	**65%**
Expected life in years	**5**

The total charge for the year relating to share-based payments was £0 (2022: £9,888).

18. Convertible loan note reserve

	2023	2022
	£	£
At the beginning of the year	**217,784**	207,074
Interest charge for the year	**9,865**	10,710
Conversion	**(126,696)**	-
At the end of the year	**100,953**	217,784

The above reserve was created on the issue and conversions of the Convertible Loan Notes ("CLNs"). The above amount relates to the equity portion of the CLNs. The capital and accrued interest are wholly repayable by the issue of shares in the Company. Interest is charged to the company at 6%.

On the 9th November 2023, £100,000 of CLNs were converted for equity shares within the Company. £26,696 of interest was converted on the same date due to the original transaction.

19. Commitments

Financial commitments

The Group had no contracts in respect of lessee arrangements. The registered office is provided by the Company Secretary as part of their services. The contract has a cancellation policy of 3 months.

20. Financial instruments

Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The Group has exposure to the following risks from its use of financial instruments:

- **(a) Credit risk**
- **(b) Liquidity risk**
- **(c) Market risk**
- **(d) Currency risk**
- **(e) Interest rate risk**
- **(f) Capital risk management**

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risks and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer fails to meet its contractual obligations. Each local entity is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered.

Trade and other receivables

The Group's exposure to credit risk is influenced by the type of customer the Group contracts with. The Group has minimal trade receivables.

The immediate credit exposure of financial instruments is represented by those financial instruments that have a net positive fair value by counterparty at 31 December 2023. The Group considers its maximum exposure to be:

	2023	2022
	£	£
Financial instrument		
Cash and cash equivalents	**138,751**	313,985
Trade and other receivables	**105,640**	150,647
	244,391	464,632

All cash balances and short-term deposits are held with an investment grade bank who is our principal banker (Barclays Bank PLC). Although the Group has seen no direct evidence of changes to the credit risk of its counterparties, the current focus on financial liquidity in all markets has introduced increased financial volatility. The Group continues to monitor the changes to its counterparties' credit risk.

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.
The Board are jointly responsible for monitoring and managing liquidity and ensures that the Group has sufficient liquid resources to meet unforeseen and abnormal requirements. The current forecast suggests that the Group has sufficient liquid resources.

20. Financial instruments (continued)

The following are the contractual maturities of financial liabilities:

31 December 2023	**Carrying Amount £**	**Contractual cash flows £**	**6 months or less £**	**6 to 12 months £**	**1 to 2 years £**	**2 to 5 years £**
Trade and other payables	**625,812**	**-**	**625,812**	–	–	–
Borrowings	**-**	**-**	**-**	–	–	-
	625,812	**-**	**625,812**	–	–	-

31 December 2022 – Restated	Carrying Amount £	Contractual cash flows £	6 months or less £	6 to 12 months £	1 to 2 years £	2 to 5 years £
Trade and other payables	498,310	-	498,310	–	–	–
Borrowings	-	-	-	–	–	-
	498,310	-	498,310	–	–	-

Available liquid resources and cash requirements are monitored using detailed cash flow and profit forecasts which are reviewed at least quarterly, or more often as required. The Directors decision to prepare these accounts on a going concern basis is based on assumptions which are discussed in the going concern paragraph in note 1.

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Given the Group began revenue generating operations in the year, the risk for the year was minimal.

(d) Currency risk

The Group is exposed to currency risk as the assets of its subsidiary, Imaging Biometrics LLC, are denominated in US Dollars. At 31 December 2023, the net foreign liabilities were £513,287 (2022: £370,379). Differences that arise from the translation of these assets from US Dollar to Pound Sterling are recognised in other comprehensive income and the cumulative effect as a separate component in equity.

(e) Interest rate risk

The Group has no floating rate loans. Therefore, the Group has no exposure to interest rate risk.

(f) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders as well as sustaining the future development of the business. In order to maintain or adjust the capital structure, the Group may adjust dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The capital structure of the Group consists of net debt, which includes loans, cash and cash equivalents, and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

Fair value of financial assets and liabilities

	Book value 2023 £	**Fair value 2023 £**	Book value 2022 £	Fair value 2022 £
Financial assets				
Cash and cash equivalents	**62,378**	**62,378**	313,985	313,985
Trade and other receivables	**105,640**	**105,640**	150,647	150,647

Financial instruments (continued)

Total at amortised cost	**168,018**	**168,018**	**464,632**	**464,632**
Financial liabilities				
Trade and other payables	**625,812**	**625,812**	**498,310**	**498,310**
Borrowings	**-**	**-**	-	-
Total at amortised cost	**625,812**	**625,812**	**498,310**	**498,310**

21. Related party transactions

Non-Executive Chairman, Brett Skelly, is also an employee of GBAC Limited. During the year GBAC Limited charged the Company a total of £30,000 (2022: £30,000) in respect of services provided by Mr Skelly. The balance outstanding at year end was £nil (2022: £nil).

22. Post balance sheet events

In January 2024, the remaining convertible loans in the Company were converted into 6,304,914 ordinary shares.

In February 2024, the Company placed 24,733,333 new ordinary shares at a price of 1.5p per share to raise £371,000 before expenses.

23. Prior year adjustment

The accounts have been restated in order to take out a loan to Mike Schmainda that had should have been written off when Imaging Biometrics was acquired.

Changes to the Consolidated Statement of Financial Position

	As previously Reported 31 December 2022	Adjustment at 1 January 2022	Adjustment at 31 December 2022	Restated 31 December 2022
	£	£	£	£
Non current assets				
Goodwill	**220,224**	(55,409)	(6,789)	**158,026**
Current liabilities				
Trade and other payables	(560,508)	55,409	6,789	(498,310)

	As previously Reported 1 January 2022	Adjustment at 1 January 2022		Restated 1 January 2022
	£	£		£
Non current assets				
Goodwill	**205,203**	(55,409)		**149,794**
Current liabilities				
Trade and other payables	(392,787)	55,409		(337,378)

There have been no changes to the consolidated income statement, retained earnings or the consolidated statement of cash flow.

The figures in the individual company has not changed and so a detailed breakdown has not been provided.

24. Ultimate Controlling Party

There is no ultimate controlling party.

DIRECTORS:	**Trevor Brown** (Chief Executive Officer) **Vinod Kaushal** (Non-Executive Director) **Michael Schmainda** (Non-Executive Director) **Brett Skelly** (Non-Executive Director)
SECRETARY:	Apex Fiduciaries Jersey Limited IFC5 St Helier Jersey Channel Islands JE1 1ST
REGISTERED OFFICE:	IFC5 St Helier Jersey Channel Islands JE1 1ST
COMPANY REGISTRATION NUMBER:	**2044**
REGISTRAR AND TRANSFER OFFICE:	**Share Registrars Limited** 3 The Millennium Centre Crosby Way Farnham GU9 7XX
INDEPENDENT AUDITORS:	**PKF Littlejohn LLP** Statutory Auditor 15 Westferry Circus Canary Wharf London E14 4HD
FINANCIAL ADVISER AND CORPORATE BROKER:	**Peterhouse Capital Limited** 80 Cheapside London EC2V 6DZ
BANKERS:	**Barclays Bank** 39/41 Broad Street St. Helier JERSEY JE4 8PU