KRM22

Annual Report 2023

KRM22 Plc

Company number: 11231735

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HIGHLIGHTS

Financial

- Annualised Recurring Revenue (ARR)[1] as at 31 December 2023 of £5.4m (2022: £4.8m as reported, £4.6m at constant FX rate) – growth of 17.4% at constant FX rate
    - New contracted ARR in 2023 of £1.1m (2022: £1.3m)
    - Total ARR attributable to the relationship with Trading Technologies International, Inc. ("TT") of £0.4m (2022: £0.1m)
- Total revenue recognised of £5.3m (2022: £4.3m) – growth of 23.3%
- Adjusted EBITDA loss[2] of £1.4m (2022: loss of £1.7m)
- Loss before tax of £4.9m (2022: loss of £3.3m)
- Gross cash as at 31 December 2023 of £0.9m (2022: £1.9m)
- New £5.0m convertible loan provided by TT, of which £4.5m was drawn down in the year, to replace the previous Kestrel £3.0m convertible loan that was due to mature in September 2023

Operational

- 12 new ARR contracts signed in the year including 7 new customers
- First sales of Limits Manager product generated through the TT sales channel
- 42 institutional customers as at 31 December 2023

Post Year-End Events

- Growth in ARR to £6.0m as at the date of this report
- New Limits Manager product contract win worth £0.6m over three years with a major Futures Commission Merchant ("FCM"), one the of industry's top 15 largest FCMs
- Group restructure and rationalisation to implement a focused cost savings programme, with annual cost savings of £1.2m
- Board changes announced on 7 March 2024 with appointment of Dan Carter as CEO and Garry Jones as Non-Executive Chairman, replacing Stephen Casner and Keith Todd respectively, with Keith Todd remaining on the Board as Executive Director

1 Annualised Recurring Revenue (ARR) is the value of contracted Software-as-a-Service (SaaS) revenue normalised to a one year period and excludes one-time fees.

2 Adjusted EBITDA is the reported loss for the year, adjusted for recurring non-monetary costs including depreciation, amortisation, unrealised foreign exchange (loss)/gain and share-based payment (credit)/charges and non-recurring costs, both monetary and non-monetary, including impairment of intangible assets, profit on disposal of tangible/intangible assets, deferred consideration write back, gain on distinguishment of debt and acquisition, funding and debt related costs. A reconciliation of Adjusted EBITDA loss to the reported operating loss for the year is detailed on page 6.

CHAIRMAN'S STATEMENT

2023 was another year of growth for KRM22, with Annual Recurring Revenue ("ARR") continuing to achieve a new high of £5.4m, a 17.4% increase on 2022 at constant FX rates, as the business added more customers and further developed its broad product offering. Twelve new ARR contracts were signed during 2023 including seven new customers.

Continued market volatility and turbulent geopolitical conditions have naturally resulted in some conservatism from companies throughout the year when assessing capital expenditure on new systems and services. It is exactly these conditions that our risk management products are built for and can add real value, transparency and security in uncertain times. We continue to be progressing with extensions to services for existing customers, whilst pushing hard to add new Tier one financial institutions to our customer portfolio.

Our product range of Limits Manager, Risk Manager, Market Surveillance and Risk Cockpit can be utilised individually, or in conjunction with each other, to provide a complete range of risk management services.

In March 2024, we made some internal changes and appointed Dan Carter as our new CEO. Dan has been at KRM22 since its inception and has vast experience in the technology services industry. I have every confidence that Dan and the management team will drive and accelerate our business to new heights. I am also honoured to have been appointed as KRM22's chairman at the same time, and look forward to the challenges ahead. I would like to take this opportunity to recognise Stephen Casner and Keith Todd, our predecessors as CEO and Chairman respectively, for all of their contributions to the Company since IPO just over six years ago.

The Board and I also wish to thank our loyal customers and investors for their continued commitment to our long-term vision of delivering high quality products and services to the capital markets and derivatives risk community. The quality of our customers and their importance to the traded markets gives us much confidence that we are hitting the mark with industry professionals, who rely on KRM22's products and services to add value to their business.

I also want to congratulate the entire KRM22 team for another year of progress, and to recognise their continued hard work and loyalty to the Company.

I look forward to further growth in 2024, a continued increase in ARR, and becoming a cash generative business in due course. KRM22 has never been in a better position as we progress through 2024 and beyond.

Garry Jones

Non-Executive Chairman

21 May 2024

CHIEF EXECUTIVE OFFICER'S REPORT

I am delighted to have been appointed CEO of KRM22 in March 2024. The opportunity that KRM22 has to be the market leader of risk technology to the capital markets industry is incredibly exciting. We have very strong foundations in place, implemented under the leadership of Keith Todd and Stephen Casner, a strong product offering and a motivated and ambitious team. I have been at KRM22 since our inception in 2018, and in my former roles in the Sales and Customer Services teams, have seen first hand how KRM22 can satisfy our customers needs and deliver first class technology to the industry.

Revenue growth

KRM22 continued to make great progress during 2023 with continuing growth in annualised recurring revenue ("ARR") year on year with the goal of becoming a £10.0m ARR business firmly in our sights. The value behind the Global Risk Platform, and the ability to integrate various aspects of a firms risk is starting to be leveraged by firms. At 31 December 2023, we had six of the top 15 Futures Commissions Merchants ("FCMs") in the world using our Limits Manager product. The Limits Manager product has embedded itself as a true market leader and is providing firms with a much more efficient way of managing trading limits whilst at the same time giving firms a full audit of changes made. As we progress through 2024 we anticipate the Risk Manager product to become another industry standard and achieve similar demand and success as Limits Manager has before it, allowing firms to manage and control risk in complete sync.

In 2023 we continued to grow ARR through our two distinct sales "channels" – our direct sales team as well as the product distribution agreements with various distributors including Trading Technologies International, Inc. ("TT"). KRM22 added new ARR in 2023 of £1.1m with £0.9m from direct sales and £0.2m from the TT sales channel. The growth in ARR was primarily driven by sales of Market Surveillance (42%), Limits Manager (21%) and Risk Manager (21%), which incorporates the legacy functionality from the At-Trade P&L and Post-Trade Stress products.

The Customer Services team, made up of industry experts who have many years of experience between them, continue to ensure our service levels are of the highest quality and thus customer churn is kept to manageable levels.

The partnership with TT continues to go from strength to strength from a sales and revenue perspective. The TT distribution agreement allows the Limits Manager product to be deployed to their customers on their platform without the timely and burdensome vendor onboarding processes that KRM22 experiences as a new vendor, thus helping to reduce the length of sales cycles. In addition to revenue generated through the distribution agreement with TT, the partnership has also provided other revenue opportunities for KRM22 with both ARR and non-recurring revenue for specific projects, both internal and external to TT.

Products

In 2023 we simplified KRM22's product offering under the two key distinct areas of risk: Trading Risk, covering the Limits Manager and Risk Manager products, and Compliance Risk, covering the Risk Cockpit and Market Surveillance products.

Limits Manager

Having been launched in early 2022, 2023 saw the continued development of Limits Manager with the addition of more user functionality which benefits both the execution services and risk management teams that use the product, and therefore created further operational efficiencies for those using the product. Automation workflows have been delivered and firms are beginning to automate limit change requests that meet specific conditions when raised. As we look ahead to 2024 we will continue to develop more reporting functions for the Limits Manager product to enhance visibility and further user understanding of what is happening with their limit change processes.

Risk Manager

When KRM22 launched in 2018, the goal and investment strategy was to bring the various aspects of risk management together in one place and 2023 saw us invest heavily in the development of Risk Manager, bringing real-time P&L, Margin, Stress scenario analysis and VaR together in one product. The Risk Manager product also allows time series analysis of these key data points showing key trend analysis to the user when reviewing the account, or making limit change approval decisions. We will continue to invest in the product as we migrate existing customers using the legacy At-Trade and Post-Trade products onto Risk Manager whilst also delivering the product to new customers.

Integration of Limits Manager and Risk Manager

As we progress through 2024, KRM22 is excited to bring the integration of the Limits Manager and Risk Manager products into production. This integration will allow risk managers the ability to review key risk metrics from Risk Manager and display it alongside the limit changes raised by a client within Limits Manager. When the risk team within the financial institution approves the change, these values will be stored in the audit trail - a crucial view of what standing the account was in and why the decision was made at that time. This will provide risk teams with more visibility and information in real-time when making these key decisions.

Market Surveillance

The Market Surveillance product continues to adapt with new alerts, including Spoofing by Order Depth, Cross Trades and Gilt Closing alongside key functional changes. We now have over 80 alert types available to customers in the application. In 2023 KRM22 signed an agreement with TT to integrate Score, TT's AI/ML surveillance application, with KRM22's Market Surveillance product, which is a human calibrated alerting tool, to allow compliance officers to ensure their calibrations are valid. The planned release date for this integrated product is late 2024 for TT to market and sell directly. The project has already generated ARR and non-recurring revenue for KRM22 and the integrated product is expected to generate further revenue for KRM22 once product sales crystalise for TT though a revenue share model.

Outlook

We have continued to make good progress in the year towards our target of becoming a £10.0m ARR business with net ARR growth in 2023 of 17.4% and the addition of seven new customers using our products. As of the date of this report, the use of the Limits Manager product by seven of the top 15 FCMs in the world demonstrates that there is demand for such product and that it, together with the Risk Manager product, has the ability to become the industry standard for FCMs.

The team is experienced, energised and ready to grow the business and improve on the results reported in 2023 as we continue the journey towards a £10.0m ARR business generating positive EBITDA and cashflows. The pipeline of sales opportunities is strong and the reorganisation of our workforce in early 2024 will help us manage the cost base of the business as we look towards the move to positive adjusted EBITDA and cashflows.

Dan Carter

CEO

21 May 2024

CHIEF FINANCIAL OFFICER'S REPORT

KRM22's financial results for the year ended 31 December 2023 has seen a continuation of the financial turnaround initially reported in the prior year, with growth of 23.3% in total revenue recognised to £5.3m from £4.3m reported for the year ended 31 December 2022.

ARR continued to increase, with ARR exceeding £5.0m for the first time in 2023 since KRM22's inception in 2018, to end the year at £5.4m from £4.6m at 31 December 2022 at constant FX rates – a year-on-year increase of 17.4%.

Adjusted EBITDA loss reported for 2023 was £1.4m, an improvement on the £1.7m reported in 2022. This growth was set against continued global economic uncertainty and extended sales cycles.

Profit and Loss

Total revenue

Revenue recognised for the year to 31 December 2023 was £5.3m (2022: £4.3m), an increase of 23.3% compared with the prior year, with 90.6% (2022: 92.3%) of total revenue generated from recurring customer contracts. Non-recurring revenue for the year ended 31 December 2023 totalled £0.5m (2022: £0.3m) and related principally to customer implementations, product development and proof of concept work.

Recurring revenue

ARR is a key metric and KPI for KRM22 and as at 31 December 2023, ARR had increased by 17.4% to £5.4m (2022: £4.8m as reported, £4.6m at constant FX rates), a net increase of £0.8m at constant FX rates (2022: net increase of £1.0m).

New contracted ARR in the year totalled £1.1m (2022: £1.3m) of which £0.6m (2022: £0.7m) was from seven new customers and £0.5m (2022: £0.6m) was generated from existing customers. Included within the £0.6m of new ARR from new customers was £0.2m (2022: £nil) of ARR generated from sales of the Limits Manager product under the distribution agreement which KRM22 has with TT. The £0.5m of new ARR generated from existing customers was a combination of these existing customers purchasing additional products and contractual renewals for existing products, with an increase in ARR and extensions of contractual terms.

The amount of ARR generated through partner products and services, primarily through data and news feeds, with minimal margin to KRM22, accounted for 4.6% (2022: 6.9%).

Total churn in ARR for the year was £0.4m (2022: £0.6m), from three institutional customers, of which £0.1m was anticipated as it related to a customer acquired through the acquisition of Object+ in 2019 using a bespoke product that does not form part of the current product offering. A further £0.1m of churn was from a customer directly impacted by the SVB collapse in March 2023. The third customer, with churn of £0.1m, related to data feeds which, whilst impacting ARR and revenue recognition, had minimal profit margin and so the effect on the operating loss is £nil.

Gross profit

Gross profit for the year to 31 December 2023 was £4.1m (2022: £3.3m). There was a small increase in gross profit margin to 78% compared to the prior year margin of 77% which was due to an improvement in foreign currency rates, compared with the prior year when there was volatility and adverse movements, with a significant proportion of the Group's cost of sales being Amazon Web Services server costs which are invoiced in US dollars.

Capitalised development

A total of £1.1m (2022: £0.8m) of development was capitalised in the year to 31 December 2023. Capitalised development is amortised over three years.

Adjusted EBITDA

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

Adjusted EBITDA for the year to 31 December 2023 was a £1.4m loss (2022: loss of £1.7m). Whilst the adjusted EBITDA loss reported for the year is a £0.3m improvement on the prior year, this reduction is not proportional to the increase in total revenue recognised in the year compared with the prior year and this was due to the increase in administrative expenses.

The increase in administrative costs was primarily driven by two factors. Firstly, in 2022 KRM22 used the investment proceeds from TT's investment in KRM22 in December 2021 to invest in Revenue, Customer Services and Development resource to help drive the business forward and the timing of this new resource joining KRM22 occurred throughout 2022. Administrative costs for the year ended 31 December 2023 therefore includes a full year of increased staff costs compared with the prior year. In addition to the aforementioned investment in resource, the rate of inflation in 2022 and 2023 meant that staff salary reviews, which are completed on an annual basis in the first quarter of each year, resulted in a significantly higher average pay increase in 2023 compared to 2022. The average pay increase in 2023, whilst being higher than 2022, was not matched to the rate of inflation.

A reconciliation of Adjusted EBITDA loss to the reported operating loss is provided as follows:

	2023 £'m	2022 £'m
Adjusted EBITDA loss	**(1.4)**	(1.7)
Depreciation and amortisation	**(1.3)**	(1.6)
Impairment of intangible assets	**(1.6)**	–
Unrealised FX (losses)/gains	**(0.5)**	0.8
Deferred consideration write back	**0.1**	–
Acquisition and debt expenses	**0.0**	–
Gain on extinguishment of debt	**0.1**	–
Share-based payment credit/(expense)	**0.1**	(0.1)
Operating loss	**(4.5)**	(2.6)

Operating loss

Reported operating loss for the year to 31 December 2023 was £4.5m (2022: loss of £2.6m) and includes an impairment charge of £1.6m primarily related to a revision in the estimated recoverable amount of goodwill using a value-in-use model by projecting cashflows for future years using different inputs to the model compared with prior years.

Finance charges

Net finance expense in the year was £0.4m (2022: £0.6m) and includes:

- Loan interest of £0.4m (2022: £0.3m);
- IFRS16 lease liability interest of £0.0m (2022: £0.1m); and
- Derivative financial instrument fair value adjustment of £0.0m (2022: £0.2m).

Taxation

The tax credit in the year was £0.3m (2022: credit of £0.2m) which includes a £0.2m (2022: £0.1m) R&D tax credit received.

Financial position

Assets

The cash balance as at 31 December 2023 was £0.9m (2022: £1.9m).

Current assets at 31 December 2023 include trade and other receivables of £1.1m (2022: £1.5m).

Non-current assets were £5.8m (2022: £7.8m) relating principally to: £4.2m for goodwill and assets acquired (2022: £6.1m), £1.4m (2022: £1.3m) for capitalised development costs, and £0.1m for right of use assets recognised under IFRS16 (2022: £0.4m).

Liabilities

As at 31 December 2023, our principal liabilities were:

- £4.5m convertible loan owed to TT plus accrued interest of £0.2m.
- £0.7m (US$0.9m) deferred consideration for earn out payments for the acquisition of Object+. The deferred consideration can be satisfied in either cash or Company Ordinary Shares in KRM22 at the Company's discretion.
- £0.4m for the right of use assets relating to all future payments of leased-office rentals under IFRS16 'Leases' whereby such lease payments are provided for at today's value. KRM22 has one remaining lease in London which expires in 2024.
- £2.2m of deferred revenue; contracted and paid services that will be released in a future period.

Investors

As an AIM quoted business, a large proportion of KRM22's shareholders are professional investment funds. In addition, the Directors together owned 3,764,958 shares at the year end, representing 10.6% of the Company's issued share capital.

Funding

On 17 June 2023, KRM22 entered into an agreement for a new three year £5.0m convertible loan facility (the "TT Convertible Loan") with TT, the Company's largest shareholder. At 31 December 2023, KRM22 had drawn down £4.5m of the total facility amount and these proceeds were used to replace the Company's existing convertible loan (the "Kestrel Convertible Loan") with Kestrel Partners LLP. The outstanding balance of the Kestrel Convertible Loan, inclusive of principal and accrued interest was £3.1m.

The interest rate payable on the TT Convertible Loan is the average 90 day Secured Overnight Financing Rate ("SOFR") and a margin of 5.5%, subject to a minimum aggregate percentage rate per annum of 9.25%. Interest is payable quarterly in arrears however KRM22 has the ability to defer interest payments in the initial 18 months (the "Initial Interest Period"), with the total deferred interest in the Initial Interest Period being paid in two equal instalments on the calendar quarters ending after the 18th and 21st month anniversary of the facility, i.e. 31 December 2024 and 31 March 2025.

Under the terms of the TT Convertible Loan agreement dated 17 June 2023 (the "TT Loan Agreement"), any amounts drawn down from the TT Convertible Loan could be converted into new Ordinary Shares in the Company by TT at any time at the lowest conversion price of: £0.46, the volume weighted average price of the Company's ordinary shares for the three month period prior to service of conversion notice; or the lowest daily closing price for the 30 completed calendar days prior to service of conversion notice. On 1 July 2023, the TT Loan Agreement was amended to remove the variability of the conversion price and replace with a fixed conversion price of £0.46. TT has the right to prevent any conversion which would trigger a Rule 9 event under the Takeover Code.

The TT Convertible Loan is secured on certain KRM22 assets and includes covenants based on the Group's financial performance including ARR, revenue recognition and solvency.

Use of cash in the year

Our net cash outflow in the year was £1.0m, which included £4.5m draw down receipts from the TT Convertible Loan, of which £3.0m was used to settle the Kestrel Convertible Loan principal, £1.1m was used for capitalised development, £0.2m was used to pay interest on the Kestrel Convertible Loan and the balance was used to provide working capital for KRM22.

Going concern

The financial statements have been prepared on a going concern basis based on a range of cashflow forecasts and scenarios covering a period of at least twelve months from the date of this report. The time to close new customers and the value of each customer, which are deemed individually as high value and low volume in nature, is key to the forecast being achieved. Even if the forecast is achieved, there remains a material uncertainty around KRM22 operating within the financial covenants associated with the TT Convertible Loan. The Board have received a letter of support from TT that they would be willing to enter into discussions with KRM22 around amending the terms of the TT Convertible Loan to ensure that KRM22 does not breach the financial covenants. Further analysis of KRM22's going concern position is detailed in the Directors report on pages 35 – 36.

Shareholdings and Earnings per share

As at 31 December 2023, KRM22 had 35,666,336 shares in issue and this was also the undiluted weighted average number of shares for the period. The resulting Earning per Share ("EPS") is a 13.0p loss per share (2022: loss of 8.7p). Due to the loss made by the Company in the year, the diluted EPS is the same as EPS.

Conclusion

In 2023, KRM22 has continued to grow with recognised revenue increasing by 23.3% to £5.3m, ARR increasing to £5.4m which, as at the date of this report, has further increased to £6.0m. Whilst administrative costs increased in 2023 compared with the prior year, the Board took action in early 2024 to review the underlying cost base of the business and have since implemented a focused cost savings programme to generate annual cost savings of approximately £1.2m. This cost savings programme, together with significant sales pipeline opportunities, both from direct selling opportunities and through the TT distribution agreement, will improve the adjusted EBITDA position going forward and accelerate the Company's path to profitability.

Approved by the Board and signed on its behalf by:

Kim Suter

CFO

21 May 2024

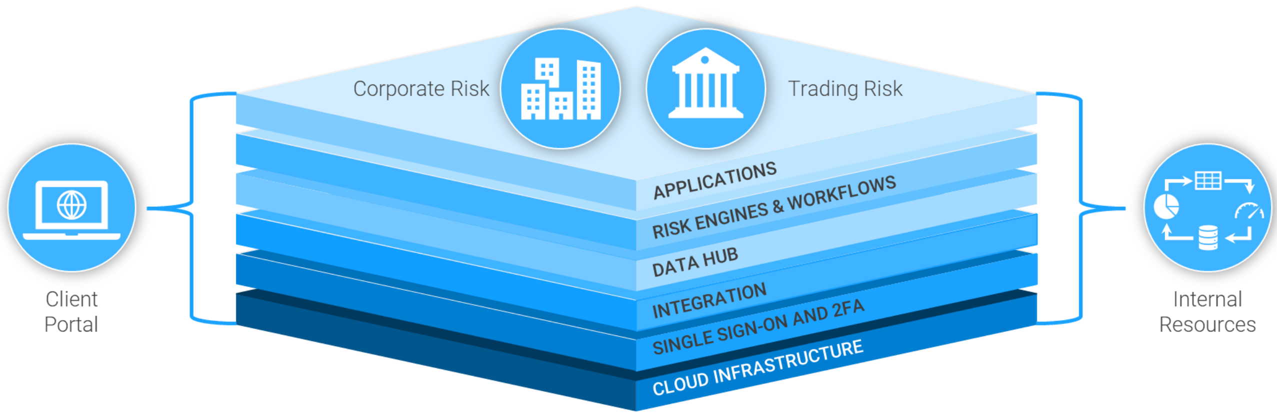
Strategic Report

OUR PRODUCTS

Built on the Global Risk Platform, KRM22 offer products addressing risk management challenges across Corporate and Trading risk. By layering on data from throughout a customer's environment, customers are now able to better assess, monitor and manage the increasing correlation between these risk areas.

The Global Risk Platform

The KRM22 Global Risk Platform is a cloud-based SaaS service for Corporate and Trading risk that securely connects and integrates into existing and new client portals from one integrated system.

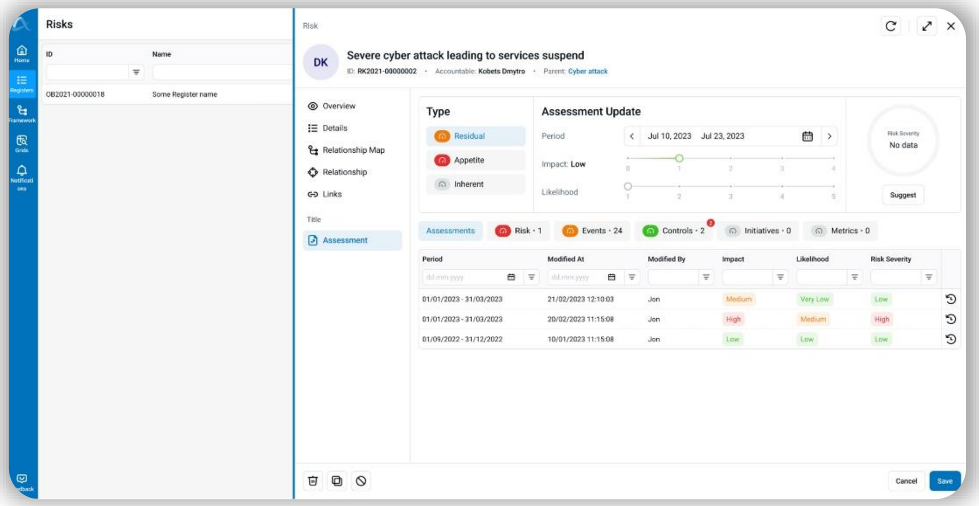


Corporate Risk

Risk Cockpit

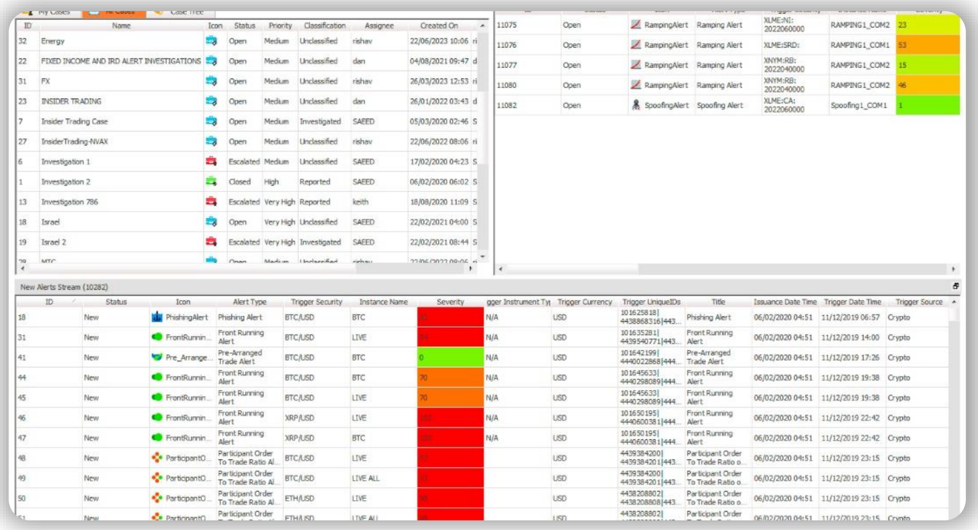
The Risk Cockpit is a digital risk register and incident management portal that brings risk policies and operational controls to life through a proven risk assessment workflow

- Enforce risk controls
- Capture, assess and remediate events
- Track and understand metrics
- Generate regulatory and historic reporting



Market Surveillance

Market Surveillance provides insightful analytics and contextual market surveillance to help capital market firms identify and manage the potential risks of market abuse, fraud and operational breaches



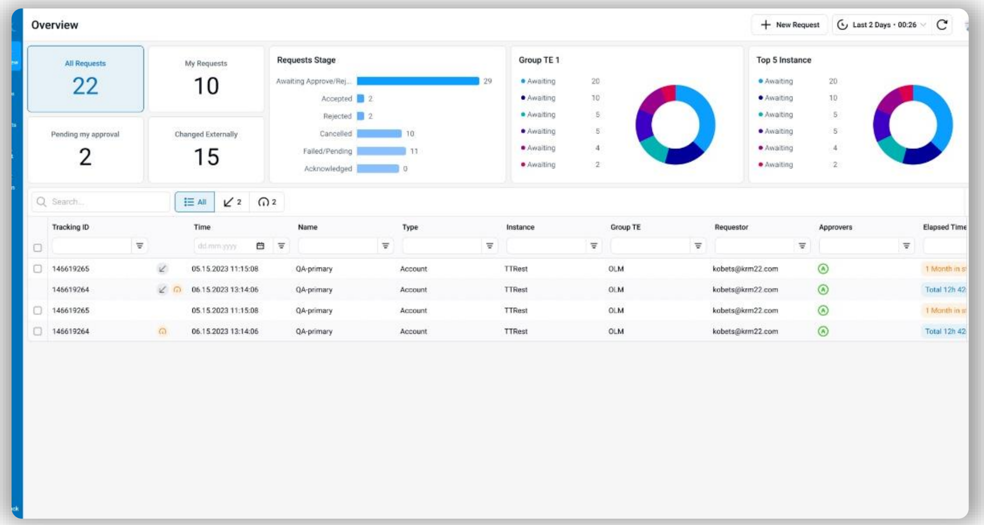
- Comprehensive suite of market abuse alerts including Layering and Spoofing, Wash Trading and Insider Trading, Abnormal Trade, Volatility Spike and Unusual Price Movement
- Identify the appropriate actions to manage alerts
- Configure and analyse alert scenarios in real-time
- Sophisticated case management workflows

Trading Risk

Limits Manager

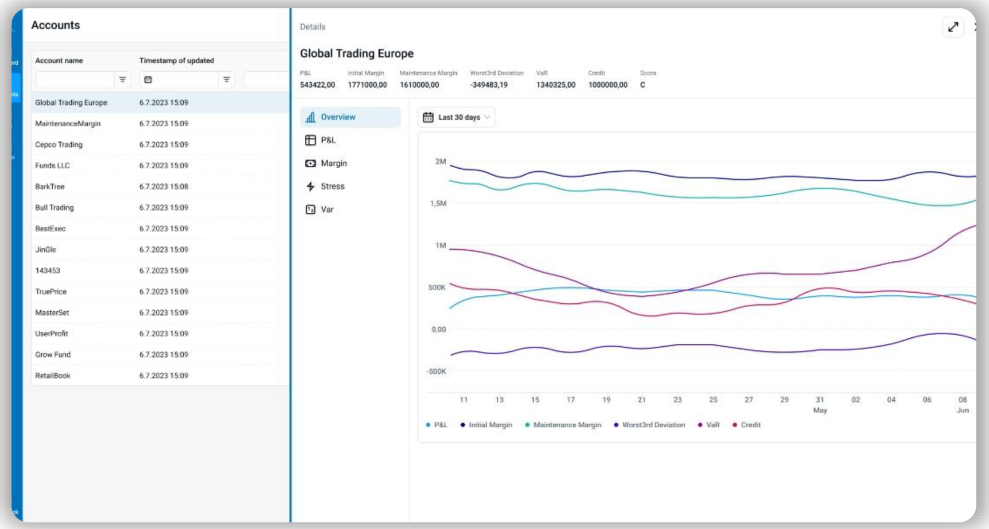
Limits Manager, formerly called Pre-Trade Centralised Risk Management, combats time consuming and error prone processes by maintaining, auditing and approving trading limits across multiple platforms in one centralised application

- Submit, review and approve limit change requests for software trading platforms
- Automate pre-approved limit changes
- View the completed status of limit requests
- Capture all limit activity and simplify reporting
- Maintain a database of account limits by date or date range, detailing adjustments since inception



Risk Manager

Risk Manager incorporates the legacy functionality from the At-Trade P&L and Post-Trade Stress products and helps firms achieve trading control through effective risk management monitoring



- A single place to see Real-time P&L, Real-time Margin, Value at Risk (VaR) calculations and Parameterised Stress Risk alongside account credit in one web based screen
- Drill down across multiple levels, with full visibility into Positions and P&L down to the strike level
- Supports Greek calculations and What-if position evaluation
- Visibility of margin position across exchanges broken down by either exchange code or commodity code
- Analyse market stress by applying price shocks to current positions and ability to take action based on Risk Slide results through export, alert notifications and What-if position evaluation
- Ability to apply Parametric, Historic and Monte Carlo calculations to all levels of account hierarchy

PRINCIPAL RISKS AND UNCERTAINTIES

The Board considers the risks set out below to be the principal risks to KRM22. The Board continually reviews the risks facing KRM22 to help monitor and manage these risks, and ensures appropriate steps are taken to mitigate them. If more than one event occurs, it is possible that the overall effect of such events would compound the possible adverse effects on KRM22. The Board recognises that the nature and scope of risks can change and there may be other risks to which KRM22 is exposed so the list is not intended to be exhaustive.

Risk and uncertainty	Potential impact	Mitigating actions
Global economic uncertainty and inflation	Whilst the levels of UK inflation have subsided from their peak in October 2022, plus market forecasts suggest that the rate of inflation is projected to decline as we progress through 2024, global economic uncertainty continues to pose a significant risk as it impacts all of KRM22's stakeholders. Economic uncertainty could impact liquidity of existing customers and the ability by KRM22 to convert new sales opportunities. If inflation increases to levels seen in 2022, and does not continue to subside as market forecasts suggest, this will increase the cost of goods and services purchased from third parties, together with expectations from staff for increases in their salary and compensation. All of these stakeholders have the ability to impact the profitability of KRM22. The potential impacts are detailed further under the separate risk and uncertainty components.	The mitigating actions associated with global economic uncertainty and inflation related risks and uncertainties are included in further detail under each risk and uncertainty component listed below.
Customer retention	Given KRM22's strategic focus on Annualised Recurring Revenue ("ARR"), the retention of key customers is critical to the maintenance of revenue streams. The loss of key customers could adversely impact business results.	Every customer has an account manager who regularly speaks with the customer and who ensures requirements are met. KRM22 also has a centralised customer support team with defined service levels to ensure quality product service to the customer.
New contract signings	Delays in new customer contract signings will impact business results and the cash position of KRM22. Investors are expecting KRM22 to sign new customer contracts and increase ARR and any delays in this will impact shareholder confidence.	All sales opportunities are assigned a key internal contact at KRM22 who updates the executive team on a regular basis. The CFO maintains detailed cash forecasts that include sensitivity analysis applied to new sales opportunities including delayed sales, reduced recurring and non-recurring revenue values and no future sales growth. These are reviewed and discussed on a regular basis between the CFO and CEO so that they can manage the cost base and cashflow accordingly. The forecasts are also discussed at the monthly Board meetings.
Foreign exchange	KRM22 operates internationally and is therefore exposed to fluctuations in foreign exchange rates.	KRM22 relies on a partial natural hedge of GBP, EUR and USD costs and revenue being in the same currencies. KRM22 also continuously monitors its foreign exchange exposure to assess whether forward currency transactions are necessary.

Risk and uncertainty	Potential impact	Mitigating actions
Liquidity of customers	KRM22 has a global customer base with these customers being stakeholders in their own supply chain. Customer's liquidity will be dependent on a number of factors including the ability of their own customers to pay sales invoices, their suppliers providing services that support their own revenue and the availability of staff to perform the work that drives their revenue and liquidity of the business. The actions of these stakeholders will impact the customers liquidity and their ability to pay KRM22 sales invoices.	KRM22 has a centralised finance function with accounts receivable ("AR") balances reviewed on a regular basis with account managers and executives of the Company. The use of automated centralised systems allows AR balances to be updated daily and, should an AR balance become overdue, appropriate action can be taken to resolve payment of any outstanding amounts. Sensitivity analysis is included on AR receipts when preparing cash forecasts with any bad or doubtful AR balances excluded from base case cash forecasts.
Compliance with laws and regulations	KRM22's business is the sale of software that will facilitate compliance with financial services laws and regulations. A failure by KRM22 to comply with laws and regulations in its own business could lead to fines and revocation of business licences, as well as significant reputational loss.	KRM22 employs fully qualified finance professionals and external professional advisors, including legal and tax, to ensure all relevant legal and regulatory codes are fully complied with.
Staff recruitment and retention	KRM22 is reliant on the skills and knowledge of its people in a wide range of areas but especially in executive management and software development.	The Remuneration Committee reviews KRM22's compensation policies to ensure KRM22 continues to attract, motivate and retain qualified personnel. All employees are offered equity awards, including share options and restricted stock units ("RSUs") in KRM22 so that they have a vested interest in the long-term success of KRM22.
	Failure to recruit, retain and motivate an appropriate number of suitably qualified people in critical areas could lead to a deterioration in the quality of our products and services. This could lead to KRM22 failing to meet its customers' needs resulting in the loss of business and a failure to deliver expected financial returns.	KRM22 is committed to the retention of staff by adopting a friendly and flexible working environment and offering a broad range of staff benefits. There is regular staff engagement and communication including formal monthly internal company meetings where the Executive team update all staff on business wide issues and encourage team participation. In addition, formal staff appraisals are completed two times a year for employees and their managers to give direct feedback and to understand staff morale, flight risks and any gap in skills or qualifications. The output of each round of appraisals is discussed by the Executive Directors with any remedial action plans implemented accordingly. KRM22 completes salary reviews on an annual basis and, as part of this review, undertakes a salary benchmarking exercise to ensure that salaries are in line with current market trends across the different geographical locations in which it operates.
Investor attitude and confidence	Investors lose faith in KRM22 and the ability to grow the business at a rate that provides them with a suitable return on investment.	The CEO and CFO meet institutional shareholders, fund managers and analysts at least twice a year to understand how the strategy and the Board's decisions impact on and are received by investors. In addition, the CEO and CFO maintain regular contact with Cavendish, as Broker and Nominated Advisor, who keep in regular contact with KRM22's investor base.

Risk and uncertainty	Potential impact	Mitigating actions
Debt facility	The convertible loan facility with Trading Technologies International, Inc. ("TT") requires KRM22 to adhere with various obligations including compliance with financial covenants and the provision of forward-looking compliance information, payment of interest by due dates and the reporting of management information within agreed timeframes. Failure to comply with a financial covenant will result in an Event of Default which may result in TT withdrawing the TT Convertible Loan with all amounts accrued becoming immediately due and payable which would impact KRM22's cashflow.	The risk of failing to adhere with financial covenants is mitigated by growth in ARR generated through new customer agreements, management of cash, management of the cost base and ensuring that regular forecasts are maintained that include sensitivity analysis applied to new sales opportunities. Forecasts, with specific reference to the financial covenants are also reviewed and discussed at each Board meeting. There are defined reporting obligations that KRM22 has to TT and this includes a process to engage together in advance of any forecasted issues and risks.
	The interest rate on the TT convertible loan is the 90 day average Secured Overnight Financing Rate ("SOFR") and a margin of 5.5%, subject to a minimum rate of 9.25%. Any adverse movement in the SOFR could adversely affect KRM22 cashflows and the ability to repay amounts as they become due which could result in an Event of Default.	The CFO regularly monitors the SOFR and market forecasts and ensures that these are factored into cash forecasts which are reviewed and discussed at each Board meeting.
Technology	To remain successful, KRM22 must ensure that its products continue to meet the requirements of customers. If products do not meet the requirements of customers, they could seek alternative solutions, resulting in loss of revenue.	KRM22's Product Managers are subject matter experts in their fields and understand the trends of the market and customer needs. In addition, customer account managers gather requirements of the existing customer base and feedback that information to product development. KRM22's CTO, together with the Product Managers, use this information and feedback and invest in the products and underlying technology to enhance the existing products and develop new features.
Information security	To be a credible and competitive Software-as-a-Service (SaaS) organisation who stores, processes or transmits critical information, well defined controls and procedures are required to be defined and adhered to. Without these controls and procedures, unauthorised access and theft of customer and Company data could materialise and be extremely damaging to the Company, both financially and reputationally.	SOC 2 requires organisations to establish and follow strict information security policies and procedures, encompassing the security, availability, processing, integrity and confidentiality of customer data. The Company is SOC 2 accredited with an audit being undertaken on an annual basis each year for accreditation to continue. In addition to mitigating information security risks, SOC 2 accreditation provides KRM22 with an edge over competitors who cannot show compliance.
	In addition to the risk of customer and Company data theft, KRM22 is susceptible to more general fraud and security risks including spam and phishing emails sent to KRM22 staff. If such emails, and any attachments are opened by staff, the email and/or attachment could instal fraud spyware and/or impact services. If any phishing emails requesting a payment to be made are received and actioned, KRM22 could make fraudulent payments resulting in financial loss.	In addition to SOC 2, all staff are provided with regular training on information security and fraud and are expected to review and formally acknowledge the Company's Information Security Code of Practice on an annual basis. KRM22 has anti-virus software installed on all machines which is managed by central IT services and audited on a regular basis. KRM22 has Cyber Essentials accreditation which provides reassurance that it has sufficient defences against the vast majority of common cyber attacks. All bank payments require dual approval to mitigate the risk of an unapproved payment being made to a fraudulent third party.

SECTION 172 STATEMENT

Under section 172(1) of the Companies Act 2006, the Directors of a company have a duty to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

a) the likely consequences of any decision in the long-term;
b) the interests of the company's employees;
c) the need to foster the company's business relationships with suppliers, customers and others;
d) the impact of the company's operations on the community and environment;
e) the desirability of the company maintaining a reputation for high standards of business conduct; and
f) the need to act fairly as between members of the company.

Set out below is a summary of how the Directors have performed their duty under section 172(1) of the Companies Act, including how the Board has engaged with key stakeholders during the year.

Why engagement is important	How Directors and/or management engage	Strategic decisions in the year
Customers		
Regular customer engagement ensures that KRM22 understands customer expectations so that it can meet or exceed these requirements. In addition, it allows management to understand the risk of churn and take corrective action to mitigate this risk.	Face-to-face meetings with key customers and sales prospects are held on a regular basis.	Open dialogue with customers and understanding their needs influenced the product roadmap of ongoing development work and release on new features in the KRM22 product suite.
Investors		
Allows communication of KRM22's long-term strategic objectives to secure the investors ongoing support for strategic objectives and provides an opportunity for investors to raise any questions.	KRM22 signed a new debt facility (the "TT Convertible Loan") with Trading Technologies, Inc. ("TT") on 17 June 2023 and the agreement allowed for TT to convert the TT Convertible Loan at any time at the lower of three different price points. The Investors contacted the Executive Directors directly and Cavendish, as NOMAD, to express their concerns about the variability of the conversion price and the potential dilutive impact to existing shareholders. The Executive Directors, together with Cavendish, worked with TT and the investors to agree a conversion price that was acceptable to the investors.	With the support of TT, a strategic decision was made to amend the conversion price to a fixed price of 46p to appease investor discontent and to maintain the investors ongoing support of KRM22's long-term strategic objectives.
	During the year, investors expressed their concerns directly with the Executive Directors about the potential conflict of interest around the role of Keith Todd as Executive Chairman of KRM22 whilst also being CEO of TT, KRM22's largest shareholder and debt provider. The Board listened to these concerns, and consulting with Cavendish, as NOMAD, and Fieldfisher, as its Solicitors, agreed to review Board composition.	Regular Board meetings include a number of standing items, including conflicts of interest. Whilst the Board took action to exclude any Board member with a potential or actual conflict of interest from the relevant discussion topic, they made a strategic decision to review Board composition to further minimise any potential conflicts of interest risks. Whilst no changes were made to Board composition in the year, the Board changes announced on 7 March 2024 demonstrate that action has been taken to avoid any negative interpretation of one individual combining leading the Board whilst also bearing some executive responsibility for KRM22's operations.

Why engagement is important	How Directors and/or management engage	Strategic decisions in the year
	Following release of the Company's FY22 full year results and FY23 interim results in July and September 2023 respectively, the CEO and CFO met with individual investors to discuss the results.	No strategic decisions were made in the year affecting investors.
Team		
Continuous engagement and two-way communication with staff allows staff to understand and deliver KRM22's long-term strategic objectives. Transparency and openness improve motivation and productivity rates and helps to maintain low staff turnover.	Monthly "All Hands" meetings in which management update staff on company progress with two-way participation encouraged. Staff appraisals completed twice a year with a review of accountabilities and the setting of objectives. Anonymous monthly "pulse" survey completed with results discussed by management and action taken where appropriate. Regular visits to overseas offices by management.	No strategic decisions were made in the year affecting the team.
Suppliers		
Engagement with key suppliers ensures that KRM22 operates its business effectively and without disruption.	KRM22 nominates internal resource to manage key supplier relationships with regular meetings between these parties which is reported back to management.	No strategic decisions were made in the year affecting suppliers.
Trading Technologies International, Inc., as strategic partner		
In December 2021, and as part of the TT investment in KRM22, both parties entered into a distribution agreement for the distribution of KRM22 products into the TT customer base with significant opportunities for growth and cross selling. Collaborative engagement was important as it would enable products to be launched in a timely manner to help drive the growth of KRM22.	A project team, represented by key individuals from both parties, continue to meet on a regular basis to agree on the order of priority for making KRM22 products available to TT customers. The team meet on a weekly basis to collaborate on ideas and resolve any operational and technical issues.	A strategic decision was made to work with TT to help develop the next version of TT's market surveillance product as there is potential for significant additional revenue through a revenue share model, whilst also generating immediate annual recurring and non-recurring revenue for KRM22.
Kestrel Partners, as debt provider		
Communication of forward-looking compliance information under the terms of the Kestrel Convertible Loan allows the Directors and Kestrel Partners to evaluate any risks and agree remedial action if required.	KRM22 reports on compliance with financial covenants and provides forward-looking compliance information at the end of each quarter. In addition. the CEO and CFO met with Kestrel to discuss the underlying data and projections.	Given that the original Kestrel Convertible Loan had a maturity date of 15 September 2023, refinancing the debt facility became a priority at the start of 2023. The CEO and CFO explored, and were offered, alternative sources of funding, including new terms from Kestrel Partners, however after detailed consideration the Board agreed to proceed with the term sheet received from TT and on 17 June 2023 KRM22 signed a new debt facility with TT to replace the Kestrel Convertible Loan.

Why engagement is important	How Directors and/or management engage	Strategic decisions in the year
Trading Technologies International, Inc., as debt provider		
As with the terms of the Kestrel Convertible Loan, the TT Convertible Loan includes communication of forward-looking compliance information which allows the Directors and TT to evaluate any risks and agree remedial action if required.	KRM22 reports on compliance with financial covenants and provides forward-looking compliance information at the end of each quarter. In addition to the CEO and CFO meeting with TT to discuss the underlying data and projections.	No strategic decisions were made in the year affecting TT as the debt provider.

Corporate Governance

BOARD OF DIRECTORS

Garry Jones

Non-Executive Chairman

Garry Jones is currently CEO of NovaFori, a leading technology company operating in the marketplace and auction technology space - overlaying platform technology with machine learning and artificial intelligence. As well as being Non-Executive Chairman of KRM22, he is a member of the Board of ICBCS, an emerging markets investment bank.

He has many years' experience in financial services, and has been CEO of three of the largest derivatives and OTC exchanges in Europe: BrokerTec, LIFFE and the LME, as well as taking leadership roles in the parent companies of NYSE Euronext and HKEX.

He has contributed to the business change, growth, and globalisation in the exchange world as technology has fundamentally changed the way that we trade, driving the momentum behind electronic trading and increased efficiency in the post trade environment.

Dan Carter

Chief Executive Officer

Dan became CEO of KRM22 in March 2024, having previously served as Chief Services Officer and, previous to that, in Business Development since KRM22's inception. Dan served as part of the KRM22 leadership team for two years prior to his appointment as CEO, leading the Company's Services operations across the entire KRM22 customer base.

Dan has 17 years' experience in SaaS software financial services technology firms in capital markets. Prior to joining KRM22 Dan worked at CoInvestor as Head of Product Management & Operations. He also worked at ION, and prior to its acquisition by ION, FFastFill where he was responsible for the firms exchange connectivity and relationships for front-office market data and execution and middle office clearing connectors.

Kim Suter

Chief Financial Officer

Kim has significant experience in building and leading finance functions to support business growth.

He started his career in practice, covering all aspects of audit, financial reporting and tax for a range of clients, providing him with a broad knowledge of how finance functions operate across different business sizes and industries. Kim has since applied this knowledge to support structured growth at a number of start-up organisations prior to joining KRM22.

Kim joined KRM22 in July 2018 as Head of Finance to set up the Finance function for the KRM22 group. He has served as CFO since July 2019, with responsibility for Finance, HR and Legal, and joined the KRM22 Board in April 2020. Kim is a qualified Chartered Certified Accountant.

Keith Todd CBE

Executive Director

Keith has over 40 years of global technology business experience from publicly listed and large multi-nationals to start-up businesses.

Keith is an Executive Director of KRM22, having previously held the role of Executive Chairman and CEO of KRM22. As well as being an Executive Director of KRM22, he is currently CEO of Trading Technologies International, Inc.

From 2002 to 2017 he served as Executive Chairman of AIM listed FFastFill plc, provider of SaaS to the global derivatives community. Keith retained this position even after FFastFill was acquired by Ion Group in 2013.

He was Non-Executive Chairman of AIM listed Aferian plc, a provider of digital TV entertainment and cloud solutions to network operators from 2005 to 2019. He also served as Non-Executive Chairman of UK Broadband Stakeholder Group (a UK Government advisory board), Easynet plc and Chief Executive of ICL plc.

Sandy Broderick

Non-Executive Director

Sandy was previously Non-Executive Director of AIM quoted regulatory reporting and collateral risk management solutions company, Lombard Risk Management plc, which was acquired by Vermeg Group.

Prior to Lombard Risk Management he was CEO of DTCC DerivSERV, where he led the roll out of its Global Trade Repository in Europe and Asia, as well as holding the CEO position of New York Portfolio Clearing, where he oversaw its development and successful sale to ICE.

During Sandy's 23 year derivative trading career at Société Générale and Bank of America, he was at the centre of several industry initiatives in clearing and market infrastructure, including development of the LCH Clearnet SwapClear system.

Sandy was Chairman of the OTC Derivnet Board from 2011 to 2012. Currently Sandy works with a number of companies as an expert witness for Regulatory, Trading and Competition issues.

Steve Sparke

Non-Executive Director

Steve has over 35 years' experience in Financial Services, trading Interest Rate products for the first 15 years, and subsequently in the Exchange Traded Derivatives ("ETD") and Commodity industry with extensive board-level experience for global ETD and Commodities organisations.

Prior to his role as Vice Chairman, leading the Conduct and Culture initiatives of Marex, Steve spent 10 years as Group COO, responsible for the firm's operating environment, including IT, Operations, Risk, Compliance and HR.

Prior to Marex, Steve spent 20 years with UBS where he was Managing Director and Global Head of Exchange-Traded Derivatives.

Since retiring from Marex, Steve holds NED positions on the UK Regulated Entities of TP ICAP and was Non-Executive Chairman of FIA's European Advisory Board until the end of 2019, where he continued as an advisor until March 2024. Steve was previously a NED of NYSE Euronext LIFFE (now ICE Europe) for over 10 years and was a NED at PATS Systems, an AIM quoted DMA system provider.

Steve has a Law degree from Nottingham University.

Stephen Casner, CEO (resigned 6 March 2024)

CORPORATE GOVERNANCE STATEMENT

In applying a recognised corporate governance code, the Directors have adopted the Quoted Companies Alliance's ("QCA") Corporate Governance Code for small and mid-sized quoted companies ("QCA Code"). The principal means of communicating our application of the Code are detailed in this Annual Report and on our website (www.krm22.com/investors).

The Directors believe that, in addition to being responsible for setting the strategic direction and managing risk across the business, they are responsible for good corporate governance, clear shareholder and stakeholder communications and monitoring the effectiveness of the Executive Directors. The Directors believe that effective corporate governance, appropriate to KRM22, considering its size and stage of development, will assist in the delivery of corporate strategy, the generation of shareholder value and the safeguarding of shareholders' long-term interests.

This report follows the structure of the QCA Code guidelines and explains how the Board have applied the guidance as well as the reasons for any departures from the guidance. On 13 November 2023, the QCA issued the third edition of its QCA code (the "QCA Code (2023)") for accounting periods commencing on or after 1 April 2024 and the Directors are working towards compliance with the QCA Code (2023).

At the centre of KRM22's philosophy are four groups of stakeholders:

- **Customers:** Customers should enjoy doing business with KRM22, receive value for money and understand that KRM22 is aligned with their values.
- **Investors:** Investors should receive superior returns from KRM22, governed along established lines.
- **Team:** The team should be highly motivated, well rewarded and believe in the Company vision.
- **Community:** The local and global community should see KRM22 as an asset.

In adopting QCA principles, the Directors have ensured alignment with the goals of the Company's stakeholders.

QCA PRINCIPLES

Principle 1: Establish a strategy and business model which promotes long-term value for shareholders

KRM22 was admitted to trading on AIM, via an IPO, on 30 April 2018. As part of this process, the Board determined the long-term vision of KRM22 and detailed the steps to achieve that strategy.

The Board continues to review and refine the strategy of the business based on customer feedback, additional input from risk management experts at KRM22, shareholder feedback, debt provider feedback and employee participation which has led to a clearer definition of KRM22's strategy.

Corporate status: KRM22 (KRM:L) is a closed-ended investment company (CEIC) quoted on the Alternative Investment Market of the London Stock Exchange. This means that the number of shares in the Company are known and the shares are traded on AIM. KRM22 expects to convert to an operating company when its business develops to fit the necessary criteria.

In adopting Principle 1, KRM22 is assisting investors to obtain longer-term superior returns.

Principle 2: Seek to understand and meet shareholder needs and expectations

The Company's CEO and CFO meet institutional shareholders, fund managers and analysts at least twice a year to understand how the strategy and the Board's decisions impact on and are received by investors.

The Annual General Meeting provides an opportunity for all shareholders to meet the Directors and raise any questions.

Cavendish Capital Markets Limited ("Cavendish") act as the Company's NOMAD and broker.

Nominated Advisor (NOMAD): NOMADs are approved by the London Stock Exchange and must meet eligibility criteria set out in the AIM Rules for NOMADs. In their role, Cavendish advises and guides the KRM22 Board on its responsibilities as an AIM quoted business and undertakes due diligence and works as the primary advisor of the business.

Broker: Cavendish is also the appointed broker of KRM22. In this role Cavendish facilitate communications with existing and potential new investors. The CEO and CFO regularly meet investors together with representatives of the broker. Cavendish also advise KRM22 on shareholder communications on its website, all RNS releases (Regulatory News Service – AIM) and will guide communications within the Annual Report.

Investor queries can be directed to KRM22 by email to InvestorRelations@krm22.com. All advisor details, including those of KRM22's NOMAD and Auditors can be found on the last page of this report.

In adopting Principle 2, KRM22 assures investors that the Company is aligned to their needs, expectations and values.

Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Board believes that KRM22 should be seen as an asset to its stakeholders, aligned with their values. This is why the Board is working to establish an Environment, Social and Governance ("ESG") programme.

The ESG programme will be centred around meeting the United Nations 17 Sustainable Development Goals ("SDGs") (https://sdgs.un.org/goals). In order to work towards these SDGs, KRM22 will promote a culture of transparency and discussion amongst all four stakeholder groups.

The first phase of the ESG programme, which KRM22 is in the process of undertaking, is an exercise to benchmark the Company against the SDGs with the aim of establishing the areas of focus for the remainder of the programme. During this benchmarking phase, each stakeholder group will be considered and if necessary, consulted to establish alignment with their views and values.

In addition to the ESG programme, KRM22 continually gathers feedback from all stakeholder groups.

Methods of two-way communication include:

Investors: See Principle 10 below.

Customers: Regular meetings with existing and potential customers by the Revenue and Customer Service teams.

Team: KRM22 communicates regularly with the cross-country, multi-national and diverse team in multiple ways. Monthly internal company meetings are held where the Executive team update all staff on business-wide issues and encourage team participation. In addition, KRM22 uses centralised internal systems including team-wide easy-to-use communication tools, formal performance appraisals are completed two times a year, with informal appraisals completed throughout the year, a monthly "pulse" where staff participate on an anonymous basis to help the Executive team understand the mood of business and "all-employee" announcements (for example, on new customer contract wins, customer projects and other business-wide news).

Principle 3 provides the main methodology of meeting KRM22's ESG goals across all stakeholder groups.

Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation

Good effective risk management is part of KRM22's DNA and the Company has built the Risk Cockpit as a product to market and sell and also use internally to effectively manage risk throughout the Company. Therefore, risk management is embedded in the culture of not only the KRM22 Board, but also the whole team.

Director experience in risk management: All the Directors have experience of building growing multi-national businesses and understand the risks and challenges that come with the journey. Their sector and professional mix of skills is particularly relevant – see Principle 6.

Team experience in risk management: The subject matter expertise within the multi-national team is very strong and includes experts in Trading and Corporate risk. As a company dedicated to risk management technology, the KRM22 team has a high understanding and experience in managing risk.

Risk Cockpit: The Risk Cockpit is an application that KRM22 has developed to allow CEOs and their teams to see real-time risk statuses and enable them to take action, in addition to managing specific projects. KRM22 has implemented the Risk Cockpit internally to monitor and manage risks including the development of customer dashboards built on the Risk Cockpit framework.

Controls and processes: The Directors are continually reviewing controls and processes in all key areas on an ongoing basis.

Principle 5: Maintain the Board as a well-functioning, balanced team led by the Chair

The Board comprises three executives which, throughout 2023, included Keith Todd as Executive Chairman, and three non-executives which encourages healthy challenge and debate with the non-executives providing additional independence. On 7 March 2024 Keith Todd relinquished the role of Executive Chairman, whilst remaining an executive director of the Company, and Garry Jones was appointed Non-Executive Chairman of KRM22.

The principal role of the Chairman is to manage and to provide leadership to the Board of Directors of the Company and is accountable to the Board. The principal role of the CEO is to make major corporate decisions, manage the overall operations and resources and act as the ultimate point of communication with stakeholders. In keeping these two roles separate, KRM22 is adhering to the QCA guidelines for the role of Chairman and CEO to be held by two different people.

The Board believes strongly that a mix of professional skills, risk management experience and capital market understanding make a difference, as does diversity, and one of the responsibilities of the Nomination Committee is to undertake an annual assessment of Board Effectiveness which includes a review of skills, experience and composition.

The KRM22 leadership is described on pages 20 – 21.

Principle 6: Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

The Directors consider that the mix of professional skills, risk management experience and capital market understanding is key to the effectiveness of the Board and its Committees. As such, the Board is very satisfied that the resulting mix of skills is suited to the sector, to the maturity and growth stage and for an AIM quoted business.

Skills: Of the six Directors, five have worked within capital markets and two are qualified accountants. All six Directors have experience of growing businesses and understand how risks need to be managed within a fast-growth environment.

The Directors maintain their professional experience and skill set through Continued Professional Development (legal and financial), and constant contact with customers, sector experts and industry influencers, and by listening to feedback from all stakeholders.

Principle 7: Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

The KRM22 Board has three Board Committees, each consisting of the three independent Non-Executive Directors. See more details in Principle 9.

The responsibilities of the Nomination Committee include an annual assessment of Board Effectiveness. The last assessment was completed in August 2023. The Non-Executive Directors assessed the Board on:

- risk management (including Going Concern);

- adequacy of management information to make decisions and manage risk;
- the effectiveness of decision processes and decision making;
- Board composition (mix of skills, experience, diversity, and adequate succession planning);
- the effectiveness of each Director on the Board, whether Executive or Non-Executive;
- Board communication and organisation; and
- director induction and training.

The Nomination Committee regarded the Board's performance, effectiveness and composition as appropriate considering the size of the Company however they continue to monitor the Board's construction and remit.

Principle 8: Promote a corporate culture that is based on ethical values and behaviours

KRM22 has brought together different business and nationality cultures, through acquisitions and its own organic growth, and therefore the Board is very people-focused, including all stakeholders, whether internal or external.

Team

The aim of the Directors is to build and maintain a culture of transparency and performance and the Directors believe that empowerment of employees is key to delivering the strategy.

KRM22's three key company values are:

- focus wins;
- business is a team game; and
- clear accountabilities for all.

All employees have access to an internal HR system which provides the full organisation chart across KRM22 and are assigned accountabilities which the employee and their line manager are required to review and agree as part of the appraisal process. This helps each employee understand where they fit within the organisation and how their work contributes to KRM22's growth and performance.

KRM22 has adopted corporate policies, staff handbooks and accounting policies which are aligned with the needs of the Group, each country and team. Each member of the team is expected to sign and adhere to certain policies, including the Business Code of Conduct which outlines key responsibilities in terms of ethics. As part of compliance with SOC 2, certain corporate policies and staff handbooks are required to be reviewed by all staff on an annual basis, thus ensuring that staff are reminded of the corporate culture, ethical values and behaviours which they are expected to uphold.

In addition, and for full transparency, the Board has adopted whistleblowing policies for employees and external stakeholders, including the choice of reporting to and excluding the CFO.

As discussed in Principle 3, KRM22's ESG programme is focused on meeting the United Nations 17 SDGs which promotes a strong ethical culture within all areas of the Company.

Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

The Board of Directors is responsible for setting the strategic direction of the business, managing risks and monitoring performance and progress. To help fulfil these responsibilities, the Directors have implemented independent Board Committees which together with the Matters Reserved for the Board, provide structure and formalisation of corporate governance.

The Board is provided with monthly financial and non-financial information for monitoring performance and to make strategic decisions. The Board has a formal schedule of Matters Reserved for the Board including approval of the annual budget, share subscriptions and acquisitions, together with standing items such as health and safety, conflicts of intertest and concerns reported through whistleblowing procedures. The Board aims to meet for scheduled Board meetings ten times per year, plus ad hoc meetings as required.

Risk Management

The Company uses its own Risk Cockpit software tool to assess and monitor risks. This has gradually replaced any list of risks in Excel or Word (often the basis for a "Risk Register") and delivers much more visibility to the Directors on the performance KRM22 as a whole.

Independence

At 31 December 2023 the Board was comprised of the Executive Chairman, two Executive Directors and three Non-Executive Directors. Three of the Non-Executive Directors are considered independent as they have not previously worked with the executive team.

On 7 March 2024 Garry Jones was appointed Non-Executive Chairman of KRM22 following the decision by Keith Todd to relinquish the role of Executive Chairman whilst continuing to remain an executive director of the KRM22. As a result of this change, KRM22 now has a chair who is a non-executive and independent which provides further clarity to stakeholders on independence, thus avoiding any negative interpretation of one individual combining leading the Board whilst also bearing some executive responsibility for KRM22's operations.

Under their letters of appointment, the Chairman has a time commitment of four days per month and the two remaining Non-Executive Directors have a time commitment of two days per month. The executives employed as CEO and CFO are employed full-time (with time allowed for agreed external professional activities), with the remaining Executive Director, Keith Todd, required to provide sufficient hours as is reasonably required for the performance of his duties and responsibilities. All Directors are able to allocate sufficient time to KRM22 to fulfil their responsibilities.

Twelve board meetings were held during the year.

Board meeting attendance 2023	Maximum possible meeting attendance	Number of meetings attended	% of meetings attended
Executive Directors			
Keith Todd	12	10	83
Stephen Casner	12	12	100
Kim Suter	12	11	92
Non-Executive Directors			
Sandy Broderick	12	10	83
Garry Jones	12	11	92
Steve Sparke	12	9	75

Board committees

The Directors have established an Audit Committee, a Nomination Committee and a Remuneration Committee with formally delegated duties and responsibilities. None of the Executive Directors are members of these Committees and, when invited to attend Committee meetings, it is to present information and not be part of the decision making.

Principle 10: Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

All financial reports and publicly-available information is published in the investor information section of the KRM22 website (www.krm22.com/investors). This includes AIM rule 26, significant shareholder information and details of the Directors' roles and experience.

The CEO and CFO meet with institutional fund investors to communicate progress and plans at least twice a year and have met them at other times where appropriate. In addition, the CEO and CFO meet with Trading Technologies International, Inc. ("TT") to report on financial covenants and forward-looking compliance information as part of the reporting obligations of the TT Convertible Loan.

The Directors believe that these meetings provide valuable two-way communication and allow investors and TT, as debt provider, to provide feedback. Other investors are provided a channel for communication via the KRM22 investor information on the website and via email contact at InvestorRelations@krm22.com.

The report of Board Committees is included in our Annual Report and Accounts each year. When General Meetings are held, the Directors publish the results of votes on the KRM22 website in the Investor Information section.

Internally KRM22 uses multiple team-tools to communicate – see Principle 3.

Board Committees and Secretary

The Board delegates authority to three committees to assist in meeting its business objectives while ensuring a sound system of internal control and risk management. The committees meet independently of Board meetings.

Audit Committee

The Audit Committee was established by a resolution of the Board on the recommendation of the Nomination Committee. The Audit Committee, which meets at least two times a year, consisted of Steve Sparke, Garry Jones and Sandy Broderick, all of whom were non-executive directors of the Company. During the year to 31 December 2023, and to date, the Committee was chaired by Steve Sparke. The responsibilities of the Audit Committee are detailed in the Audit Committee report on page 28.

Remuneration Committee

The Remuneration Committee, which meets at least once a year, consisted of Sandy Broderick, Garry Jones and Steve Sparke, all of whom were non-executive directors of the Company. The Committee was established by a resolution of the Board on the recommendation of the Nomination Committee. During the year to 31 December 2023, and to date, the Committee was chaired by Sandy Broderick. The responsibilities of the Remuneration Committee are detailed in the Remuneration Committee report on page 30.

Nomination Committee

The Nomination Committee, which meets at least once a year, consisted of Sandy Broderick, Garry Jones and Steve Sparke, all of whom are non-executive directors of the Company. The Committee was established by a resolution of the Board. During the year to 31 December 2023, and to date, the Committee was chaired by Sandy Broderick. The responsibilities of the Nomination Committee are detailed in the Nomination Committee report on page 33.

For and on behalf of the Board

Garry Jones

Non-Executive Chairman

21 May 2024

AUDIT COMMITTEE REPORT

The Audit Committee is responsible for challenging the quality of internal and external controls and for ensuring that the financial performance of KRM22 is properly reviewed and reported.

The Committee reviews reports on the interim and annual accounts, financial announcements, the Company's accounting and financial control systems, changes to accounting policies, the extent of non-audit services undertaken by the external auditor and the appointment of the external auditor.

During the year the Audit Committee reviewed the 2022 annual report, 2023 interim report and the associated announcements. The Audit Committee considered the accounting policies and principles adopted in these accounts as well as significant accounting issues and areas of judgement and complexity.

Composition

The terms of reference for the Audit Committee require the committee to consist of preferably three members but not less than two members and that a majority of the members shall be independent non-executives with at least one of whom shall have recent relevant financial experience.

Throughout 2023 the Audit Committee was composed of myself, Steve Sparke, as Chairman, Sandy Broderick and Garry Jones. I have extensive board-level experience and have previously been the Chairman of the Audit and Risk Committee at NYSE Euronext LIFFE (now ICE Europe) and, whilst working at Marex, the Internal Audit group reported to me, and I was a standing attendee of the Audit and Compliance committee. The Board is of the view that we have recent and relevant financial experience. Kim Suter (CFO), members of the Finance team and other Executive Directors may attend Committee meetings by invitation. The Committee formally met on two occasions during the year. However, other informal discussions were held by Committee members during the year and since year end. I report to the Board following an Audit Committee meeting and minutes are available to the Board.

Role of the Committee

The main duties of the Committee are set out in its terms of reference, which are available on KRM22's website and the main items of business considered by the Committee in the year included:

- consideration of risk management and internal control systems;
- review and approval of the 2022 audit plan presented by KRM22's auditor, BDO LLP, which set out the proposed scope of work, audit approach, materiality and identified key audit risk areas;
- review of the 2022 audited annual report and financial statements;
- consideration of key audit matters and how they are addressed;
- review of the unaudited 2023 interim report;
- review the suitability of the external auditor; and
- meeting with the external auditor without management present.

Financial Reporting

The Committee reviews whether suitable accounting policies have been adopted and whether management has made appropriate judgements and estimates. The Committee's remit includes reviews of accounting papers prepared by management providing details on the main financial reporting judgements as well as assessments of the impact of potential new accounting standards.

There were no material changes in accounting policy for the Committee to consider during 2023. The Committee have concluded that the annual report and financial statements are appropriately prepared and provide the information necessary for shareholders to assess KRM22's strategy and performance.

Risk management and interim controls

The risk and control management framework of KRM22 is designed to manage rather than eliminate the risk of failure to meet KRM22's objectives and the system can only provide reasonable and not absolute assurances against material misstatement or loss. KRM22 faces a number of risks, the significant ones of which are set out in the section on Principal risks and uncertainties on pages 13 – 15.

Through the control systems outlined in the Statement of Corporate Governance on pages 22 – 27, KRM22 operates an ongoing process of identifying, evaluating and managing significant risks faced by the business. This process includes the following:

- defined organisation structure and appropriate delegation of authority;
- formal authorisation procedure for investments;
- clear responsibility for management to maintain good financial control and the production and review of detailed, accurate and timely financial information;
- identification of operational risks and mitigation plans developed by senior management; and
- regular reports to the Board from Executive Directors.

During the year, internal control processes have been monitored and reviewed by the Committee and the Board and, where necessary improvements, have been identified and implemented.

External Auditor

BDO was appointed auditor of KRM22 in 2018. The Committee considers that its relationship with the auditor is working well and is satisfied with their effectiveness.

The Committee is responsible for implementing a suitable policy for ensuring that non-audit work undertaken by the auditor is reviewed so that it will not impact their independence and objectivity. The breakdown of fees between audit and non-audit services is provided in note 8 to KRM22's financial statements. The non-audit fees primarily relate to taxation advice and compliance.

As necessary, the Committee held private meetings with the auditor to review key items within its scope of responsibility. Taking into account the auditor's knowledge of KRM22 and experience, the Committee has recommended to the Board that the auditor is reappointed for the year ending 31 December 2024.

For and on behalf of the Audit Committee

Steve Sparke
Audit Committee Chairman

21 May 2024

REMUNERATION COMMITTEE REPORT

The Board has prepared this report in relation to all Directors who have served during the year to 31 December 2023. As an AIM quoted company, KRM22 Plc is not required to provide the full disclosures required of fully listed companies, however, the Board has chosen to provide the following details as a voluntary disclosure. As a result, the Auditor is not required to and has not audited the information included in this report.

Composition

The terms of reference for the Remuneration Committee require the committee to consist of preferably three members but not less than two members and that a majority of the members shall be independent non-executives.

Throughout 2023 the Committee was composed of myself (Sandy Broderick) as Chairman, Garry Jones and Steve Sparke.

Role of the Committee

The purpose of the Committee is to ensure that the executive directors and other key employees of KRM22 (together, "Executive Directors") are fairly rewarded for their individual contribution to the overall performance of KRM22. The Committee's main role and responsibilities are to:

- have responsibility for setting the remuneration policy for Executive Directors and such other members of the executive management as it is designated to consider;
- recommend and monitor the level and structure of remuneration for senior management;
- obtain reliable, up-to-date information about remuneration in other companies of comparable scale and complexity in the light of reviewing the ongoing appropriateness of and relevance of remuneration policy;
- review the design of all share incentive plans for approval by the Board; and
- approve the design of, and determine targets for, any performance-related pay schemes operated by KRM22 and approve the annual payments made under such schemes.

Remuneration Policy

In setting the remuneration policy, the Committee recognises the need to be competitive in an international market. The Committee's policy is to set remuneration levels which ensure that the Executive Directors are fairly rewarded in line with high levels of performance and not in excess of market rates for comparable companies. Remuneration policy is designed to support business growth strategies and to create a strong performance-oriented environment. The policy must also attract, retain, and motivate high calibre individuals. The Remuneration Committee believes that a successful remuneration policy must ensure that a significant proportion of the remuneration package is linked to the achievement of ambitious corporate performance targets and a strong alignment with the interests of shareholders.

Consistent with the pay for performance policy, annual cash bonuses are linked to performance criteria. Share options, restricted stock units ("RSUs") and warrant awards (collectively "Equity Incentive Awards") to Executive Directors are linked to performance as well as being time vested.

Annual salary

Salaries are set at a level appropriate for the role and the individual and are reviewed annually with effect from 1 April each year. Adjustments are made, if required, to reflect company and individual performance and competitive pay levels. The Non-Executive Director salaries were reviewed and amended with effect from 1 April 2023. There were no changes to the Executive Director salaries or employment contracts in the year.

Performance bonus

These are designed to reflect KRM22's performance taking into account the performance of its peers, the markets in which KRM22 operates and the Executive Directors' contribution to that performance. No cash bonuses were paid to the Directors in the year.

Equity Incentive Awards

The following Equity Incentive Awards covering share options, RSUs and warrants were held by Directors in the year.

Option holder Name	Date of grant	Exercise price	Vesting period	Number of ordinary shares under option
Keith Todd	18/09/2020	£0.380	18/09/2020 – 17/09/2023	287,831
				287,831
Kim Suter	28/09/2018	£1.000	28/09/2018 – 27/09/2021	50,000
	10/06/2019	£0.850	10/06/2019 – 10/06/2022	50,000
	10/06/2019	£0.850	10/06/2019 – 01/03/2020	30,000
	23/12/2019	£0.525	23/12/2019 – 22/12/2022	60,000
	22/07/2020	£0.300	22/07/2020 – 22/08/2020	21,875
	18/09/2020	£0.380	18/09/2020 – 17/09/2023	124,342
	01/10/2020	£0.380	01/10/2020 – 31/10/2020	17,270
	12/01/2021	£0.365	12/01/2021 – 12/02/2021	17,979
	16/12/2022	£0.630	16/12/2022 – 15/12/2025	100,000
				471,466
Sandy Broderick	10/06/2019	£0.850	10/06/2019 – 03/04/2022	10,000
	18/09/2020	£0.380	18/09/2020 – 17/09/2023	59,210
	01/10/2020	£0.380	01/10/2020 – 31/12/2020	59,211
				128,421
Garry Jones	10/06/2019	£0.850	10/06/2019 – 03/04/2022	176,471
	01/10/2020	£0.380	01/10/2020 – 31/12/2020	49,342
				225,813
Steve Sparke	01/10/2020	£0.380	01/10/2020 – 31/12/2020	59,211
				59,211
Total				**1,172,742**

RSU holder Name	Date of award	Vesting period	Number of ordinary shares under option
Stephen Casner	18/09/2020	18/09/2020 – 17/09/2025	253,162
Kim Suter	30/11/2023	30/11/2023 – 29/11/2028	68,685
Total			**321,847**

Warrant holder name	Date of grant	Exercise price	Vesting period	Warrants held
Keith Todd	30/04/2018	£1.00	30/04/2018 – 29/04/2021	3,300,000
Stephen Casner	24/04/2018	£1.00	24/04/2018 – 23/04/2021	1,200,000
Total				**4,500,000**

The 50,000 share options awarded to Kim Suter on 28 September 2018 automatically lapsed on 27 September 2023 as the performance condition, which formed part of the vesting conditions, was not achieved. During the year, a total of 608,344 RSUs were awarded, of which 68,685 were awarded to Kim Suter.

Further information on Equity Incentive Awards is detailed in note 25 to the financial statements.

Service contracts

Following the Board changes announced on 7 March 2024, all Executive Directors have employment contracts which are subject to six months' notice from either the executive or KRM22 at any given time. Prior to this, the Executive Director employment contracts were subject to between six and twelve months notice from either the executive or KRM22.

Non-Executive Directors' fees are determined by the Executive Directors having regard to the need to attract high calibre individuals with the right experience, the anticipated time commitment to fulfil their duties and comparative fees paid in the market to which KRM22 operates. They may be invited to participate in KRM22's Equity Incentive Award schemes.

Directors' Emoluments

The remuneration of the Executive and Non-Executive Directors (audited) for the year ended 31 December 2023 was as follows:

	2023					2022				
	Salary & Fees £'000	Benefits £'000	Share based payments £'000	Pension £'000	Total £'000	Salary & Fees £'000	Benefits £'000	Share based payments £'000	Pension £'000	Total £'000
Keith Todd	60	17	6	–	83	60	13	8	–	81
Stephen Casner	241	–	23	–	264	244	–	32	–	276
Kim Suter	161	4	(9)	9	165	160	4	10	9	183
Sandy Broderick	31	–	1	–	32	31	–	2	–	33
Garry Jones	26	–	-	–	26	25	–	2	–	27
Steve Sparke	31	–	–	–	31	30	–	–	–	30
Total	550	21	21	9	601	550	17	54	9	630

The benefits relate to private medical insurance, life insurance, critical illness cover and income protection insurance for Directors and their immediate families.

Directors' Interests

The Directors who held office at 31 December 2023 had the following interest in the ordinary share capital of the Company as at that date:

Director	At 31 December 2023 No. of ordinary shares of 10p each	At 31 December 2022 No. of ordinary shares of 10p each
Keith Todd	2,763,677	2,763,677
Stephen Casner	513,143	513,143
Kim Suter	26,666	26,666
Sandy Broderick	11,765	11,765
Garry Jones	176,471	176,471
Steve Sparke	273,236	273,236

Sandy Broderick

Remuneration Committee Chairman

21 May 2024

NOMINATION COMMITTEE REPORT

During 2023 the Nomination Committee was composed of Sandy Broderick, as Chairman, Garry Jones and Steve Sparke.

The main duties of the Committee are set out in its terms of reference, which are available on KRM22's website. The Committee met on one occasion in 2023 to undertake an annual review of Board performance.

The annual review of Board performance considered the time spent by Non-Executive board members, the structure, size and composition of the Board, the Board's performance and the Nomination Committee's performance. The Committee concluded that the Board's performance, effectiveness and composition was appropriate considering the size of the Company and would continue to monitor the Board's construction and remit. In considering the performance of the Nomination Committee, the Committee deemed their performance as satisfactory and that everything within its scope had been considered satisfactorily.

In addition to evaluating Board performance, the Committee considered the reappointment of Directors that were required to retire and offer themselves for reappointment at the AGM in June 2023. Having reviewed their performance, the Committee recommended to the Board that the retiring Directors be reappointed to the Board.

Sandy Broderick

Nomination Committee Chairman

21 May 2024

DIRECTORS' REPORT

The Directors present their report and the audited financial statements of KRM22 Plc (the "Company") and its subsidiary companies (together "KRM22", the "Group"), for the year ended 31 December 2023. An indication of likely future developments in the business is set out in the Strategic Report.

Principal activities

The principal activity of KRM22 is the development and sale of risk management software to the financial services industry.

Directors

The Directors of the Company who served throughout the year and to the date of signing this report, except as noted below were:

Garry Jones

Non-Executive Chairman (previously Non-Executive Director until 6 March 2024)

Dan Carter

Chief Executive Officer (appointed 7 March 2024)

Kim Suter

Chief Financial Officer

Keith Todd CBE

Executive Director (previously Executive Chairman until 6 March 2024)

Sandy Broderick

Non-Executive Director

Steve Sparke

Non-Executive Director

Stephen Casner

Previously Chief Executive Officer until 6 March 2024 (resigned 6 March 2024)

Director indemnification and insurance

KRM22 maintains Directors' and Officers' liability insurance for each of its directors. The insurance covers any liabilities that may arise to a third party, other than KRM22 or Company, for negligence, default or breach of trust or duty.

Financial risk management objectives and policies

Further detailed commentary on financial risk management is included in note 27.

Liquidity risk

KRM22 seeks to manage financial risk by ensuring adequate liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Short-term flexibility is achieved by holding significant cash balances in KRM22's main operational currencies, notably UK Sterling, US Dollar, Euro and Czech Kroner. In addition, the TT Convertible Loan is for up to £5.0m and the remaining £0.5m of the £5.0m facility can be drawn down at any point by KRM22.

Credit risk

KRM22 is exposed to credit risk from its operations, primarily from trade receivables. The credit risk is managed through setting payment terms and credit limits with its customers and, where possible, for revenue to be invoiced in advance of the service being provided.

Foreign exchange risk

KRM22 has significant operations in both the UK and overseas. Revenue and costs are exposed to variations in exchange rates and therefore reported losses. There is some natural hedging of transactional foreign exchange risk, however KRM22 remains subject to translation exchange risk.

Overseas branches

KRM22 has one branch outside the UK located in Czech Republic.

Development

KRM22 continues to dedicate resource to develop the Global Risk Platform and its suite of Trading (Limits Manager and Risk Manager) and Corporate (Risk Cockpit and Market Surveillance) risk management products.

In accordance with IAS38 'Intangible Assets', expenses are capitalised when it is probable that future economic benefits will be attributable to the asset and these costs can be measured reliably (see note 3). For the year ended 31 December 2023, total expenditure that has been capitalised on these projects totalled £1.1m (2022: £0.8m).

Going Concern

KRM22's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report on pages 9 – 18 and the financial position of KRM22, its cash flows, liquidity position and borrowing facilities are described in the notes to the financial statements, in particular in the consolidated cash flow statement on page 53 and in note 27 (financial instruments).

These financial statements have been prepared on the going concern basis. The Directors have reviewed KRM22's going concern position taking into account its current activities, budgeted performance and the factors likely to affect its future development, which are set out in this Annual Report, and include KRM22's objectives, policies and processes for managing its capital, its financial risk management objectives and its exposure to credit and liquidity risks.

The Directors have undertaken a significant assessment of the cashflow forecast covering a period of at least twelve months from the date of approval of the financial statements. Cashflow forecasts have been prepared based on a range of scenarios including, but not limited to, existing customer churn at different churn rates, no new contracted sales revenue, delayed sales and a combination of these different scenarios.

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

The time to close new customers and the value of each customer, which are deemed individually as high value and low volume in nature, is key to the forecast being achieved and KRM22 continuing to operate within its existing facilities, this being KRM22's current cash balance and the ability to drawdown on the remaining funds available through the TT Convertible Loan. However, even if the forecast is achieved, there remains a material uncertainty around KRM22 operating within the financial covenants associated with TT Convertible Loan. The TT Convertible Loan includes financial covenants, reported at the end of each quarter, based on the Group's financial performance and there is a risk that KRM22 breaches the Cash Covenant, which requires KRM22 to retain a minimum amount of cash, on the 31 December 2024 and 31 March 2025 measurement dates. Failure to comply with a financial covenant will result in an Event of Default which may result in TT withdrawing the TT Convertible Loan with all accrued amounts becoming immediately due and payable which would result in KRM22 becoming insolvent.

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

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

See note 3 on page 56 for further information on going concern.

Post year-end reporting date events

On 7 March 2024, Dan Carter was appointed CEO of the Company, whilst Stephen Casner, a founder director and former CEO of the Company, resigned from KRM22. In addition, Keith Todd relinquished his role as Executive Chairman, whilst remaining an Executive Director of the Company and Garry Jones succeeded Keith Todd as Non-Executive Chairman of the Company.

On 10 April 2024, the Company issued 140,187 new ordinary shares of 10 pence each in the Company at a price of 85 pence per Ordinary Share as consideration for a partial settlement of the deferred consideration payable in respect of the historical acquisition of Object+ Holding B.V.

Substantial Shareholders

As at 31 December 2023, the Shareholders listed below had a disclosable interest of 3% or more in the nominal value of the ordinary share capital of the Company.

	Number of ordinary shares	Percentage of ordinary shares %
Trading Technologies International, Inc.	8,916,584	25.0
Kestrel Partners	6,261,922	17.6
KRM22 Concert Party	4,392,827	12.3
Canaccord Genuity Wealth Management	3,750,000	10.5
Cinnober Financial Technology AB	2,654,434	7.4
Herald Investment Management	2,077,624	5.8
Octopus Investments	1,134,308	3.2

Energy and carbon

The 2018 Regulations introduced requirements under Part 15 of the Companies Act 2006 for an enhanced group of companies, which are defined as large by the Companies Act 2006, to disclose their annual energy use and greenhouse gas emissions, and related information. The Group is not currently defined as large. However given the Group's values and taking account of its energy consumption has chosen to apply the 2018 Regulations. KRM22 plc, itself consumes less than 40MWh and therefore as a low energy user, which negates the need to make detailed disclosures of its energy and carbon information. Furthermore and taking account of this, it has applied the option permitted by the 2018 Regulations to exclude any energy and carbon information relating to its subsidiaries where the subsidiary would not itself be obliged to include if reporting on its own account; this applies to all subsidiaries within the group.

Corporate governance

The Company adopts the QCA Corporate Governance Code for Small and Mid-Size Quoted Companies ("QCA guidelines") as set out on pages 22 – 27.

Dividends

No interim dividends were paid and the Directors do not recommend payment of a final dividend however the Directors may wish to do so in future years.

Staff Equity Incentive Schemes

Details of staff Equity Incentive Schemes are set out in note 25 to the financial statements.

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law, Directors have prepared the Group and Company financial statements in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006. 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 the affairs of KRM22 and the Company and for the profit or loss of KRM22 and the Company for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the AIM.

In preparing these financial statements, the Directors are also required to:

- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether they have been prepared in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006; and
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume the Group and Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication

The Directors are responsible for ensuring that the annual report and the financial statements are made available on the Company's website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from 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.

Disclosure of information to the auditor

Each of the Directors of the Company at the time when this report was approved confirms that:

- So far, as the Director is aware, there is no relevant audit information which the Company's auditor is unaware; and
- He has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information. This confirmation is given in accordance with Section 418(2) of the Act.

Auditor

BDO LLP was appointed as auditor to the Company and in accordance with Section 485 of the Companies Act 2006, a resolution proposing that they be reappointed will be tabled at a General Meeting.

Approval

The Directors' report was approved on behalf of the Board by:

Kim Suter

Company Secretary

21 May 2024

Financial Statements

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KRM22 PLC

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2023 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of KRM22 Plc (the "Parent Company") and its subsidiaries (the "Group") for the year ended 31 December 2023 which comprise the consolidated income statement and the statement of comprehensive income for the Group, the consolidated statement of financial position for the Group, the Company statement of financial position, the consolidated statement of cash flows for the Group, the consolidated statement of changes in equity for the Group, Company statement of changes in equity, and notes to the consolidated financial statements, including material accounting policy information.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and the Parent 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.

Material uncertainty relating to going concern

We draw attention to note 3 in the financial statements, which indicates that the Group and the Parent Company are dependent on amending the terms of the convertible loan to ensure the cash covenants are not breached, which is not guaranteed. These events or conditions, along with other matters as set forth in Note 3, indicate that a material uncertainty exists that may cast significant doubt on the Group's and the Parent Company's ability to continue as going concerns. Our opinion is not modified in respect of this matter.

Because of the material uncertainty noted above, judgements made by management, and the significance of this area, we have determined going concern to be a key audit matter. Our evaluation of the directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting and in response to the key audit matter included:

- We obtained an understanding of the business model, objectives, strategies and related business risk, the measurement and review of the entity's financial performance including forecasting and budgeting processes and the entity's risk assessment process.
- We assessed Director's assumptions including the reliability of underlying data used to make the assumptions, whether assumptions and changes to assumptions from prior years are appropriate and consistent with each other.
- We challenged Directors' plans for future actions in relation to the going concern assessment including whether such plans are feasible in the circumstances.
- We evaluated the base case of the cash forecast prepared by the Directors and performed appropriate audit procedures around the various scenarios. We also reviewed correspondence with the lender regarding the future plans for the debt facility.
- We critically evaluated the reasonableness of the proposed mitigations and Director's ability to implement them within 12 months from the date of approval of the financial statements.
- We assessed adequacy and appropriateness of disclosures in the financial statements regarding the going concern assessment.

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

Overview

Coverage	*91% (2022: 90%) of Group loss before tax* *95% (2022: 94%) of Group revenue* *95% (2022: 95%) of Group total assets*		
Key audit matters		**2023**	**2022**
	Revenue Recognition	✓	✓
	Impairment of intangible assets (including Goodwill)	✓	✓
	Going Concern	✓	-
Materiality	**Group financial statements as a whole** £198,000 (2022: £198,000) based 2% of Total expenditures (2022: 6.05% of Loss before tax).		

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

In establishing the overall approach to the Group audit, we assessed the audit significance of each component in the Group by reference to both its individual financial significance to the Group or other specific nature or circumstances. We identified four individually significant components and two entities with specific procedures which makes up 91% of Group loss before tax and also covers 95% of the total assets of the Group.

The significant components in all territories were audited by the Group audit team, as the Group's finance team and information for all territories are based within the UK and to this extent:

- The Group audit team performed full scope audits for KRM22 Plc and its subsidiaries KRM22 Central Limited, KRM22 Americas Inc and KRM22 ProOpticus LLC.
- The Group audit team performed specified audit procedures around Intangibles, Deferred consideration for KRM22 Development Ltd and KRM22 Netherlands BV due to their significance to the Group; and
- The remaining components not subject to full scope audit or specific procedures have been reviewed for Group reporting purposes, by the Group auditor, using analytic procedures to corroborate the conclusions reached that there are no significant risks of material misstatement of the aggregated financial information of these components.

The Group audit team performed the audit of 95% of the Group revenue using the materiality levels set out above.

Key audit matters

Key audit matters are those matters that, in our professional judgement, 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) that 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. In addition to the matter described in the Material uncertainty related to going concern section above, we have determined the matters below to be the key audit matters to be communicated in our report.

Key audit matter		How the scope of our audit addressed the key audit matter
Revenue Recognition (Note 3,4 and 5)	As disclosed in Note 3, the Group, as a software business, generates revenue primarily from the sale of recurring software as a service license, and non-recurring revenue from software implementation and set up services. The key audit matter related to revenue recognition is a risk of material misstatement in relation to the disclosure of ARR (annual recurring revenue). While a non-statutory measure it is one of the key performance indicators and a financial covenant for the borrowings which means there exists a fraud risk over completeness, accuracy and disclosure of the balance.	We performed the following specific testing: • We have obtained a listing of the ARR contracts to test completeness, accuracy of the balance to underlying records and performed substantive procedures to test the accuracy and presentation of the revenue by agreeing the ARR workings to the contracts sampled within our revenue testing. **Key observations:** Based on the work performed we consider that ARR has been presented appropriately.
Impairment of intangible assets (including Goodwill) (Note 3 and 13)	Taking account of the Group's accounting policy in note 3, and as disclosed in note 13, the Directors have determined an impairment in the current year of £1.5m of goodwill. This has been determined based on a value in use model, based on revenue and cost growth	Our audit procedures included the following: • We challenged management's inputs to the impairment assessment - growth rate, weighted average cost of capital, terminal value and model based on our knowledge of the Group's business and

	assumptions, to assess the recoverability of the intangible assets (including goodwill). There are significant estimated involved in the determination of the recoverable amount of the intangibles (including goodwill).	performance to date. We further involved our internal valuation team (experts) to review the model and inputs to the management impairment assessment. • We considered whether the discounted cash flow model applied to value the recoverable amount of the intangibles appropriately supports the asset value following the impairment being recognised • We checked that the forecast figures included within the model had been approved by the Board and the base case scenario was consistent with information obtained in other audit procedures as well as considering the overall sales pipeline identified by management. • We assessed the adequacy of the financial reporting requirements of the related accounting policies and disclosures in the financial statements against the requirements of the accounting standards. • We have assessed and compared the current market capitalisation with the carrying value of the Goodwill and Intangibles. **Key observations** Based on the procedures performed, we consider that management's estimates in determining the recoverable amount of intangibles including goodwill are reasonable. We consider the disclosure within the accounts is appropriate

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		Parent company financial statements	
	2023	2022	2023	2022
Materiality	£198,000	£198,000	£5,800	£31,240
Basis for determining materiality	2% of total expenditures	6.05% of losses before tax	2% of total assets	1.3% of total assets
Rationale for the benchmark applied	A primary driver for the results in the year as the group remains loss making.	A primary KPI used by management to assess the performance of the business.	As a holding company an asset-based metric was considered most appropriate.	
Performance materiality	£138,000	£138,000	£4,000	£21,868
Basis for determining performance materiality	A number of factors including the expected total value of known and likely misstatements (based on past experience and other factors) and management's attitude towards proposed adjustments.			
Rationale for the percentage applied for performance materiality	A number of conditions leading to setting performance materiality closer to materiality.			

Component materiality

For the purposes of our Group audit opinion, we set materiality for each significant component of the Group, apart from the Parent Company whose materiality is set out above, based on a percentage of between 50% and 75% (2022: 50% and 75%) of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £95,000 to £148,500, (2022: £55,000 to £148,500). In the audit of each component, we further applied performance materiality levels of 70% (2022: 70%) of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £9,900 (2022:£9,900). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, 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.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: • the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: • adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or • the Parent Company financial statements are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; 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 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 financial statements, the Directors are responsible for assessing the Group's and the Parent 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 Parent 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.

Extent to which the audit was capable of detecting irregularities, including fraud

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:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management and those charged with governance including Audit Committee; and
- Obtaining and understanding of the Group's policies and procedures regarding compliance with laws and regulations;

we considered the significant laws and regulations to be the applicable accounting framework, UK tax legislation, AIM Listing Rules and Companies Act 2006..

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the health and safety legislation.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations; and
- Review of financial statement disclosures and agreeing to supporting documentation;

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance also considered Audit Committee regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these;

Based on our risk assessment, we considered the areas most susceptible to fraud to be Management override and revenue recognition.

Our procedures, in addition to those set out in the Key Audit Matter regarding Management override, in respect of the above included:

- A review and verification of specific journal entries made in the year, agreeing the journals to supporting documentation and considering whether they are appropriate. We determined key risk characteristics, such as unusual pairings with a particular emphasis on revenue journals;

- A critical review of the consolidation and, in particular, manual "top side journals" or late journals posted at consolidated level;
- A review of estimates and judgements applied by Management in the financial statements to assess their appropriateness and the existence of any systematic bias; and
- Review of unadjusted audit differences for indications of bias or deliberate misstatement

Our procedures, in addition to those set out in the Key Audit Matter regarding Revenue in respect of the above included:

- Testing journal entry data through the year for completeness and reliability of the data;
- Testing a sample of journal entries throughout the year, which met a defined risk criteria, such as unusual combination with particular emphasis on revenue and cash journals by agreeing to supporting documentation;
- Assessing significant estimates made by management in the financial statement and to assess their appropriateness and the existence of any systematic bias;
- Review of unadjusted audit differences for indications of bias or deliberate misstatement; and
- A critical review of the consolidation and, in particular, manual "top side journals" or late journals posted at consolidated level;

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available 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 Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Matthew Haverson (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

London, UK

Date: 22 May 2024

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME FOR THE GROUP

For the year ended 31 December 2023

	Note	2023 £'000	2022 £'000
Revenue	5	5,266	4,273
Cost of sales		(1,145)	(955)
Gross profit		4,121	3,318
Other operating income	6	142	131
Administrative expenses	7	(8,788)	(6,077)
Operating loss before interest, taxation, depreciation, amortisation, share based payment and exceptional items ("Adjusted EBITDA")		(1,399)	(1,684)
Depreciation and amortisation		(1,298)	(1,637)
Impairment on intangible assets		(1,593)	–
Profit on disposal of tangible/intangible assets		–	14
Deferred consideration write back		115	–
Gain on extinguishment of debt (net)		127	–
Unrealised foreign exchange (loss)/gain		(539)	812
Acquisition, funding and debt related expenses		(38)	–
Share-based payment credit/(charge)		100	(133)
Operating loss		(4,525)	(2,628)
Finance charge (net)	10	(353)	(641)
Loss before taxation		(4,878)	(3,269)
Taxation credit	11	259	168
Loss for the year		(4,619)	(3,101)
Loss for the year attributable to:			
Equity shareholders of the parent		(4,619)	(3,101)
		(4,619)	(3,101)
Other comprehensive income			
Item that may be reclassified subsequently to profit and loss:			
Exchange gain/(loss) on translation of foreign operations		334	(563)
Total comprehensive loss for the year		(4,285)	(3,664)
Total comprehensive loss for the year attributable to:			
Equity shareholders of the parent		(4,285)	(3,664)
		(4,285)	(3,664)
Loss per ordinary share			
Basic losses share	12	(13.0p)	(8.7p)
Diluted losses per share	12	(13.0p)	(8.7p)

All amounts relate to continuing activities.

The notes on pages 54 to 83 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE GROUP

As at 31 December 2023

	Note	2023 £'000	2022 £'000
Non-current assets			
Goodwill	13	**3,516**	5,167
Other intangible assets	13	**2,105**	2,244
Property, plant and equipment	14	**21**	11
Right of use assets	20	**136**	369
		5,778	7,791
Current assets			
Trade and other receivables	16	**1,142**	1,462
Cash and cash equivalents	18	**886**	1,900
		2,028	3,362
Total assets		**7,806**	11,153
Current liabilities			
Trade and other payables	19	**3,900**	3,853
Lease liabilities	20	**369**	493
Loans and borrowings	21	**391**	2,974
Derivative financial liability	21	**196**	255
		4,856	7,575
Net current liabilities		**(2,828)**	(4,213)
Non-current liabilities			
Trade and other payables	19	**–**	30
Lease liabilities	20	**–**	122
Loans and borrowings	21	**3,887**	–
Deferred tax liability	22	**164**	245
		4,051	397
Total liabilities		**8,907**	7,972
Net (liabilities)/assets		**(1,101)**	3,181
Equity			
Share capital	24	**3,567**	3,567
Share premium		**20,517**	20,517
Merger reserve		**(190)**	(190)
Convertible debt reserve		**327**	224
Foreign exchange reserve		**(114)**	(448)
Share-based payment reserve	25	**2,945**	3,045
Retained deficit		**(28,153)**	(23,534)
Total equity		**(1,101)**	3,181

The financial statements were approved by the Board and authorised for issue on 21 May 2024 and are signed on its behalf by:

Kim Suter
Company Secretary

The notes on pages 54 to 83 form part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Note	2023 £'000	2022 £'000
Non-current assets			
Investments	15	1	732
Intercompany loans	16	–	77
		1	809
Current assets			
Trade and other receivables	16	82	96
Cash and cash equivalents	18	214	1,475
		296	1,571
Total assets		297	2,380
Current liabilities			
Trade and other payables	19	195	170
Loans and borrowings	21	391	2,974
		586	3,144
Net current liabilities		(289)	(1,573)
Non-current liabilities			
Loans and borrowings	21	3,887	–
		3,887	–
Total liabilities		4,473	3,144
Net liabilities		(4,176)	(764)
Equity			
Share capital	24	3,567	3,567
Share premium		20,517	20,517
Convertible debt reserve		327	224
Share-based payment reserve	25	2,945	3,045
Retained earnings		(31,532)	(28,117)
Total equity		(4,176)	(764)

As permitted by s408 Companies Act 2006, the Company has not prepared its own statement of comprehensive Income and related notes. The Company's loss for the year was £3,415,000 (2022: loss of £3,392,000).

The financial statements were approved by the Board and authorised for issue 21 May 2024 and are signed on its behalf by:

Kim Suter

Company Secretary

The notes on pages 54 to 83 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE GROUP

For the year ended 31 December 2023

	Ordinary Shares £'000	Share premium £'000	Merger reserve £'000	Convertible debt reserve £'000	Foreign exchange reserve £'000	SBP Reserve £'000	Retained losses £'000	Total equity £'000
At 1 January 2023	3,567	20,517	(190)	224	(448)	3,045	(23,534)	3,181
Loss for the year	–	–	–		–	–	(4,619)	(4,619)
Other comprehensive gain	–	–	–	–	334	–	–	334
Total comprehensive gain/(loss)	–	–	–	–	334	–	(4,619)	(4,285)
Convertible debt option	–	–	–	103	–	–	–	103
Share-based payments	–	–	–	–	–	(100)	–	(100)
At 31 December 2023	**3,567**	**20,517**	**(190)**	**327**	**(114)**	**2,945**	**(28,153)**	**(1,101)**

For the year ended 31 December 2022

	Ordinary Shares £'000	Share premium £'000	Merger reserve £'000	Convertible debt reserve £'000	Foreign exchange reserve £'000	SBP Reserve £'000	Retained losses £'000	Total Equity £'000
At 1 January 2022	3,567	20,517	(190)	224	115	2,912	(20,433)	6,712
Loss for the year	–	–	–	–	–	–	(3,101)	(3,101)
Other comprehensive loss	–	–	–	–	(563)	–	–	(563)
Total comprehensive loss	–	–	–	–	(563)	–	(3,101)	(3,664)
Share-based payments	–	–	–	–	–	133	–	133
At 31 December 2022	**3,567**	**20,517**	**(190)**	**224**	**(448)**	**3,045**	**(23,534)**	**3,181**

The notes on pages 54 to 83 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Ordinary shares £'000	Share premium £'000	Convertible debt reserve £'000	SBP Reserve £'000	Retained losses £'000	Total Equity £'000
As at 1 January 2023	3,567	20,517	224	3,045	(28,117)	(764)
Loss for the year	–	–	–	–	(3,415)	(3,415)
Convertible debt option	–	–	103	–	–	103
Share-based payments	–	–	–	(100)	–	(100)
As at 31 December 2023	**3,567**	**20,517**	**327**	**2,945**	**(31,532)**	**(4,176)**

For the year ended 31 December 2022

	Ordinary Shares £'000	Share Premium £'000	Convertible debt reserve £'000	SBP Reserve £'000	Retained losses £'000	Total Equity £'000
As at 1 January 2022	3,567	20,517	224	2,912	(24,725)	2,495
Loss for the year	–	–	–	–	(3,392)	(3,392)
Share-based payments	–	–	–	133	–	133
As at 31 December 2022	**3,567**	**20,517**	**224**	**3,045**	**(28,117)**	**(764)**

The notes on pages 54 to 83 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE GROUP

For the year ended 31 December 2023

	2023 £'000	2022 £'000
Cash flows from operating activities		
Loss for the year	(4,619)	(3,101)
Adjustments for:		
Tax credit	(259)	(168)
Net finance expense	353	641
Amortisation of intangible assets	1,059	1,324
Depreciation of property, plant and equipment and right of use assets	239	313
Impairment of intangible assets	1,593	–
Profit on disposal of intangible/tangible assets	–	(14)
Deferred consideration write back	(115)	–
Gain on extinguishment of debt	(127)	–
Unrealised loss/(gain) on non-GBP denominated loans	539	(812)
Equity-settled share-based payment (credit)/expense	(100)	133
Income taxes received	186	97
	(1,251)	(1,587)
Decrease/(increase) in trade and other receivables	320	(721)
Increase in trade and other payables	52	187
Net cash flows used in operating activities	(879)	(2,121)
Cash flows from investing activities		
Acquisition deferred consideration payment	(43)	–
Purchase of intangible assets	(1,105)	(840)
Purchase of property, plant and equipment	(16)	(8)
Net cash used in investing activities	(1,164)	(848)
Cash flows from financing activities		
Lease payments principal	(232)	(217)
Lease payments interest	(18)	(33)
Receipts from borrowings	4,500	–
Interest paid	(208)	(285)
Repayments of borrowings	(3,000)	–
Net cash from/(used in) financing activities	1,042	(535)
Net decrease in cash and cash equivalents	(1,001)	(3,504)
Cash and cash equivalents at beginning of the year	1,900	5,362
Effect of foreign exchange rate changes	(13)	42
Cash and cash equivalents at the end of the year	886	1,900

The notes on pages 54 to 83 form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

1. General information

KRM22 Plc, (the "Company"), is a public company, limited by shares and is quoted on the Alternative Investment Market ("AIM"). The Company is incorporated and domiciled in the UK. The registered office is 5 Ireland Yard, London, EC4V 5EH.

The principal activity of the Company, and together with its subsidiaries ("KRM22", the "Group"), is to develop and invest in leading risk tools to support enterprise, market, compliance, operational and technology risks.

2. Basis of Preparation and Consolidation

Basis of preparation

The financial reporting framework that has been applied in their preparation is applicable law and UK Adopted international accounting standards in conformity with the requirements of the Companies Act 2006 and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

The financial information has been prepared on the historical cost basis except that financial instruments are stated at the fair value.

The financial statements are prepared in Sterling, which is the functional currency of the Parent Company too. Monetary amounts in these financial statements are rounded to the nearest £'000.

KRM22 applied all standards and interpretations issued by the IASB that were effective as of 1 January 2023. The accounting policies set out below have, unless otherwise stated, been applied consistently to all years presented in this financial information.

The preparation of the financial statements, in conformity with UK Adopted international accounting standards, requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying KRM22's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4.

Adoption of new and revised standards

The following new accounting standards have been adopted by the Group in the annual financial statements for the year ended 31 December 2023, and the effect on the Group's accounting policies is detailed below:

I. **Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements – Disclosure of Accounting Policies**

   In February 2021, the International Accounting Standards Board (IASB) issued amendments to IAS 1 and IFRS Practice Statement 2. The amendments to IAS 1 require the disclosure of material accounting policy information rather than significant accounting policies. The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures. The Group have revised the accounting policy disclosures to align to the amended requirements.

II. Amendments to IAS 8 Accounting Policies, changes in Accounting Estimates and Errors – Definition of Accounting Estimates

In February 2021, the IASB issued amendments to IAS 8 to clarify how to distinguish changes in accounting policies from changes to accounting estimates. This amendment has had no impact on the financial statements as there have been no changes to accounting policies in the year.

III. Amendments to IAS 12 Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

In May 2021, the IASB issued amendments to IAS 12 to require deferred tax to be recognised on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. This has had no material impact on the financial statements as the Group's existing approach does not result in a materially different outcome to applying the new amendments.

On 23 May 2023, the IASB issued International Tax Reform - Pillar Two Model Rules - Amendments to IAS 12. The Group has applied the mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two rules set out therein.

Standards, amendments and interpretations to published standards not yet effective

There are a number of new standards and amendments to and interpretations of existing standards, which have been published and are not yet mandatory and which the Group has decided not to adopt early, as below:

	Issue date	Effective date for annual periods beginning on/after	Expected Impact
Amendments to IAS 1: Classification of Liabilities as Current or Non-current (not EU endorsed)	23-Jan-20	01-Jan-24	None
Amendments to IFRS 16: Leases – Lease Liability in a Sale-and-Leaseback	22-Sep-22	01-Jan-24	None
Amendments to IAS 7: Statement of Cash Flows and IFRS 7 Financial Instruments – Supplier Finance Arrangements	25-May-23	01-Jan-24	None
Amendments to IAS 21: The Effects of Changes in Foreign Exchange Rates – Lack of exchangeability	01-Aug-23	01-Jan-25	None

Basis of consolidation

The financial information represents the consolidated financial information of the Company and its subsidiaries ("KRM22", the "Group") as if they are formed as a single entity. Intercompany transactions and balances between KRM22 companies are therefore eliminated in full. The results of subsidiary undertakings are included in the consolidated statement of comprehensive income from the date that control commences until the date that control ceases. The Company controls a subsidiary if all three of the following elements are present:

- power over the investee;
- exposure to variable returns from the investee; and
- the ability of the investor to use its power to affect those variable returns.

Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control. In assessing control, KRM22 takes into consideration potential voting rights that are currently exercisable.

On 19 April 2018, KRM22 Plc, a company under common control of the KRM22 Central Limited shareholders, acquired KRM22 Central Limited from its shareholders in return for an issue of shares. As a combination of entities under common control, the transaction falls outside the scope of the standard IFRS 3 'Business Combinations'.

Paragraph 10 of IAS8 Accounting Policies, Changes in Accounting Estimates and Errors requires management to use its judgement in developing and applying a policy that is relevant, reliable, represents faithfully the transaction, reflects the economic substance of the transaction, is neutral, is prudent and is complete in all material respects when selecting appropriate methodology for consolidation accounting.

In the absence of IFRS guidance, KRM22 has applied merger accounting in accordance with 'FRS102: Section 19 Business Combinations and Goodwill', as the business combination meets the requirements set out in paragraph 27, namely:

- the use of the merger accounting method is not prohibited by company law or other relevant legislation;
- the ultimate equity holders remain the same, and the rights of each equity shareholder, relative to others before and after the acquisition are unchanged; and
- no non-controlling interest in the net assets of KRM22 is altered by the transfer.

In accordance with merger accounting, consolidated accounts have been prepared for the restructured Group as if it has always been in existence. The carrying value of assets and liabilities have not been adjusted to fair value. The difference between the nominal value of the shares issued and the nominal value of the shares received has been recorded in the merger reserve.

3. Accounting policies

Going concern

These financial statements have been prepared on the going concern basis. The Directors have reviewed KRM22's going concern position taking into account of its current business activities, budgeted performance and the factors likely to affect its future development, which are set out in this Annual Report, and include KRM22's objectives, policies and processes for managing its capital, its financial risk management objectives and its exposure to credit and liquidity risks.

The Directors have undertaken a significant assessment of the cashflow forecast covering a period of at least twelve months from the date of approval of the financial statements. Cashflow forecasts have been prepared based on a range of scenarios including, but not limited to, existing customer churn at different churn rates, no new contracted sales revenue, delayed sales and a combination of these different scenarios.

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

The time to close new customers and the value of each customer, which are deemed individually as high value and low volume in nature, is key to the forecast being achieved and KRM22 continuing to operate within its existing facilities, this being KRM22's current cash balance and the ability to drawdown on the remaining funds available through the TT Convertible Loan. However, even if the forecast is achieved, there remains a material uncertainty around KRM22 operating within the financial covenants associated with TT Convertible Loan. The TT Convertible Loan includes financial covenants, reported at the end of each quarter, based on the Group's financial performance and there is a risk that KRM22 breaches the Cash Covenant, which requires KRM22 to retain a minimum amount of cash, on the 31 December 2024 and 31 March 2025 measurement dates. Failure to comply with a financial covenant will result in an Event of Default which may result in TT withdrawing the TT Convertible Loan with all accrued amounts becoming immediately due and payable which would result in KRM22 becoming insolvent.

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

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

Revenue recognition

Revenue comprises recurring revenue, non-recurring revenue and other revenue and is stated exclusive of VAT and sales tax.

All revenue is only recognised to the extent when services have been delivered and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable.

The following specific recognition criteria are applied to each revenue stream:

Recurring revenue

Recurring revenue comprises Software-as-a-Service ("SaaS") license fees which give the licensee a right to access the software for a fixed period of time together with ongoing post-contract customer support services comprising customer support (including designated contacts, telephone and onsite support), hosting and maintenance services, enhancements and minor and major upgrades. All of the post-contract customer support services are bundled into one service and are not readily distinguishable in terms of apportioning the license fee between its constituent parts.

In applying the principles of IFRS15 'Revenue from Contracts with Customers' the Directors consider that SaaS licenses provide the customer with a right to access the software over a period of time and that revenue generated from sales of software licenses is recognised over the term of the license.

Where license fees are invoiced in advance, the income is deferred and released over the term of the license with the balance recorded within accruals and deferred income in the statement of financial position.

Non-recurring revenue

Non-recurring revenue comprises one-off pieces of work including implementation fees related to initial set-up services, ad-hoc development services which are outside the scope of post-contract customer services covered by the license fee and any other invoiced revenue that is not recognised as recurring revenue.

Where implementation fees have only been partially completed at the statement of financial position date, revenue represents the value of service provided to date based on completed implementations as defined in the contract. Where payments have been received from customers in advance of services provided, the amounts are recorded within accruals and deferred income in the statement of financial position. The implementation fee is a distinct obligation and therefore recognised at a point in time.

Deferred revenue

At 31 December 2023, the balance of deferred revenue was £2.2m (2022: £1.8m) and this will be released to the income statement in full within one year of the statement of financial position date.

Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer.

Business combinations and goodwill

KRM22 applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities assumed by the former owners of the acquiree and the equity interests issued by KRM22. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

Identifiable assets and liabilities acquired, and liabilities assumed are measured initially at their fair values at the acquisition date. Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquired entity measured on the proportionate net asset basis, over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the excess is recognised immediately in the income statement as a bargain purchase gain.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purposes of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the KRM22's cash-generating unit that is expected to benefit from the combination, irrespective of whether other assets of liabilities of the acquiree are assigned to that unit.

Intangible assets

Research expenditure is expensed to the income statement in the year in which it is incurred. Expenditure on internal projects is capitalised if it can be demonstrated that:

- it is technically and commercially feasible to develop the asset for future economic benefit;
- adequate resources are available to maintain and complete the development;
- KRM22 is able to use the asset;
- use of the asset will generate future economic benefit;
- expenditure on the development of the asset can be measured reliably; and
- it is KRM22's intention to complete the development and use or sell it.

Other development expenditure is recognised in the income statement as an expense as incurred.

Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation is charged to the income statement on a straight line basis over the estimated useful lives of intangible assets. Intangibles assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Acquired software	-	straight line over 5 – 10 years
Capitalised development costs	-	straight line over 3 years
Customer contracts and relationships	-	straight line over 10 years

Brand (including trademarks)	-	straight line over 3– 10 years

The basis for choosing these useful lives is with reference to the years over which they can continue to generate value for KRM22.

Amortisation charges are included within administrative expenses in the consolidated statement of income statement. KRM22 reviews the amortisation year and methodology when events and circumstances indicate that the useful life may have changed since the last reporting date.

Property, plant and equipment

Property, plant and equipment are initially measured at historical cost and subsequently measured at historical cost, net of depreciation and any impairment losses.

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

Fixtures and fittings	-	straight line over 4 years
Office and computer equipment	-	straight line over 4 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset and is recognised in the income statement.

Right of use assets

KRM22 recognises right of use assets for all applicable leases at the lease liability commencement date. The right of use asset is initially measured at cost, and consists of the amount of:

- the initial measurement of lease liability, plus;
- any lease payments made to the lessor at or before the commencement date, less;
- any lease incentives received;
- the initial estimation of restoration costs; and
- any initial direct costs incurred by the lessee.

Depreciation on right of use assets is calculated on a straight line method over the lease term.

Non-current assets

The Company's interests in subsidiaries are initially measured at cost and subsequently measured at cost less accumulated impairment losses.

Impairment of tangible and intangibles assets

All tangible and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount might 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 or Cash Generating Units (CGUs).

Financial assets

Financial assets are recognised in KRM22 and the Company's statement of financial position when KRM22 and the Company becomes party to the contractual provisions of the instrument. Under IFRS 9 the classification of financial assets is based both on the business model and cash flow type under which the assets are held. There are three principal classification categories for financial assets: amortised cost; fair value through other comprehensive income;

and fair value through profit or loss. KRM22 has not classified any of its financial assets as fair value through other comprehensive income.

Amortised cost

These assets are non-derivative financial assets held under the 'held to collect' business model and attracting cash flows that are solely payments of principal and interest. They comprise trade and other receivables and cash and cash equivalents. They are initially measured at fair value plus transaction costs and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for trade and other receivables are calculated using an expected credit loss model. Under this model, impairment provisions are recognised to reflect expected credit losses based on a combination of historic and forward-looking information, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net; such provisions are recorded in a separate allowance account. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

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

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(a) Financial liabilities at fair value through profit or loss

Financial liabilities are stated at fair value with differences taken to the consolidated income statement. Interest on financial liabilities up to maturity are included as a finance expense in the consolidated income statement.

Financial liabilities are classified as at FVTPL when the financial liability is held for trading or is a derivative (except for effective hedge) or are designated upon initial recognition as FVTPL.

Gains or Losses, including any interest expense on liabilities held for trading or a derivative, are recognised in the consolidated income statement.

(b) Trade and other payables

Trade payables and other payables are not interest bearing and are stated at their full value on initial recognition. For disclosure purposes, the fair values of trade and other payables are estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date. As trade payables and other payables are short term in nature at the reporting date, the carrying value is considered to be a reasonable approximation of fair value.

(c) Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest recognised on an effective rate basis.

Fair value measurement

Fair value is measured using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements. The different levels can be defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2: inputs other than quoted prices included within level that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices); and

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Taxation

The tax expense represents the sum of tax currently payable and deferred tax.

(a) Current tax

Any current tax payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes certain items of income or expense that are either taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Companies within the Group may be entitled to claim special tax allowances in relation to qualifying research and development expenditure, e.g. R&D tax credits. The Group accounts for such allowances as tax credits which means they are recognised when it is probable that the benefit will flow to the Group and that the benefit can be reliably measured. R&D tax credits reduce current tax expense and, to the extent the amounts are due in respect of them and not settled by the statement of financial position date, reduce current tax payable.

(b) Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or the initial recognition (other than in a business combination) of assets and other liabilities in a transaction that affects neither the tax profit or loss nor the accounting profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to 'other comprehensive income', in which case the deferred tax is dealt with in 'other comprehensive income'. Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

Provisions

Provisions are recognised when KRM22 has a legal or constructive present obligation as a result of a past event, it is probable that KRM22 will be required to settle that obligation and a reliable estimate can be made of the amount of KRM22's obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and as an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets. The cost of any unused holiday entitlement is recognised in the year in which the employee's services are received.

Retirement benefits

KRM22 operates a defined contribution plan, under which KRM22 pays contributions to independently administered pension plans on a mandatory, contractual or voluntary basis. KRM22 has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense in the income statement when they are due.

Share-based payments

The Company issues equity-settled share-based payments to certain employees and these payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of the grant using appropriate pricing models. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

At the date of each statement of financial position, the Company revises its estimate of the number of equity instruments that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment is made to equity over the remaining vesting period. The fair value of the awards and ultimate expense are not adjusted on a change in market vesting conditions during the vesting period.

The value of share-based payment is taken directly to reserves and the charge for the period is recorded in the income statement.

KRM22's scheme, which awards shares in the parent entity, includes recipients who are employees in all subsidiaries. In the consolidated financial statements, the transaction is treated as an equity-settled share-based payment, as KRM22 has received services in consideration for KRM22's equity instruments. An expense is recognised in the Group income statement for the fair value of share-based payment over the vesting period, with a credit recognised in equity.

In the subsidiaries' financial statements, the awards, in proportion to the recipients who are employees in said subsidiary, are treated as an equity-settled share-based payment, as the subsidiaries do not have an obligation to settle the award. An expense for the grant date fair value of the award is recognised over the vesting period, with a credit recognised in equity. The credit is treated as a capital contribution, as the parent is compensating the subsidiaries' employees with no cost to the subsidiaries as there is no expectation to recharge the cost. In the parent company's financial statements, there is no share-based payment charge where the recipients are employed by a subsidiary, with the parent company recognising an increase in the investment in the subsidiaries as a capital contribution from the parent and a credit to equity.

Earnings per share

Earnings per share are calculated by dividing profit or loss after tax attributable to equity shareholders of the parent company by the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share requires that the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. These arise from awards made under share-based incentive schemes. Instruments that could potentially dilute basic earnings per share in the future have been considered but were not included in the calculation of diluted earnings per share because they are anti-dilutive for the periods presented. This is due to the KRM22 incurring losses on continuing operations for the year.

Leases

Under IFRS16 'Leases', KRM22 recognises a lease liability at the commencement date of the lease at an amount equal to the present value of the lease payments during the lease term that are not yet paid. The present value of the lease payments is based on applying a discount rate which is either the interest rate implicit in the lease or the incremental borrowing rate. The interest rate is treated as an interest expense and charged to the income statement.

KRM22 also recognises a right of use asset at the lease liability commencement date and is measured at cost as detailed in the Right of use assets accounting policy. The right of use asset is depreciated over the term of the lease.

Where a lease has less than twelve months until the lease expiry date from the date of commencement, KRM22 continues to classify these as operating leases and are charged as an expense to the income statement on a straight line basis.

Where KRM22 sublets office space for periods of less than twelve months from the date of commencement of the sublease or where the terms of the sublease differ significantly to the terms of the headlease, these subleases are classified as operating leases. Operating lease income, net of agency management charges, is accounted for as other operating income and credited to the income statement on a straight line basis over the term of the sublease.

Foreign currency

Foreign currency transactions are translated at the exchange rates prevailing at the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated at rates of exchange at the statement of financial position date. Any gain or loss arising from a change in the exchange rates of exchange subsequent to the date of the transaction is included as a gain or loss in the income statement.

The statement of financial position of the foreign subsidiaries are translated into Sterling at the exchange rate at the year end. The results of foreign subsidiaries are translated into Sterling at the average rate of exchange during the financial year. Exchange differences which arise from the translation of opening net assets of the foreign subsidiary undertakings are included in the consolidated statement of comprehensive income and transferred to the KRM22's translation reserve.

Descriptions of nature of each component of equity

The components of KRM22's equity can be described as follows:

- Share capital – The amount for the nominal value of shares issued.
- Share premium – The amount subscribed for share capital in excess of nominal value after deducting certain costs of issue.
- Merger reserve – See note 2.
- Convertible debt reserve – This relates to the residual amount of any liability component from the fair value of debt instruments as a whole where the debt instrument includes a liability and embedded equity feature.
- Foreign exchange reserve – This reserve relates to exchange differences arising on the translation of the statement of financial position of the KRM22's foreign operations at the closing rate and the translation of the income statement of those operations at the average rate.
- Share-based payment (SBP) reserve – This relates to the fair value of share options, warrants and restricted stock units ("RSUs") determined at the grant date of the equity- settled share-based payments.
- Retained deficit – The net gains and losses recognised in the consolidated statement of comprehensive income.

4. Critical accounting judgements and key sources of estimation uncertainty

IAS 1 requires disclosure of the judgements, apart from those involving estimations, that management has made in the process of applying the entity's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

In the application of KRM22 and Company's accounting policies, the Directors are required to make certain judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The Directors believe that there are two areas within the financial statements which constitute critical accounting judgements and estimates as follows:

I. Capitalisation of development costs

Development costs are capitalised based on an assessment on whether they meet the criteria specified in IAS 38 for capitalisation. During each reporting period, an assessment is performed by management to determine time spent developing the intangible assets as a proportion of total time spent in the year. This represents an area of judgement and impacts the value of intangible costs capitalised.

II. Impairment of goodwill and other intangible assets

The Group has carried out an impairment review of its cash generating unit ("CGU"). The recoverable amount of the CGU is based on estimates of future cash flows discounted using an appropriate discount rate. Estimates of future cash flows are inherently uncertain and, to take account of this uncertainty, management have used the "expected cash flow approach" which involves probability weighting several alternate scenarios.

It is possible that changes in economic conditions or deviations in actual performance from forecast could result in a material adjustment to the carrying value of the CGU within the next financial year. The key estimates made by management are set out in note 13.

5. Segmental reporting

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

The internal management accounting information has been prepared in accordance with IFRS but has a non-GAAP 'Adjusted EBITDA' as a profit measure for the overall group. This amount is reported on the face of the income statement.

KRM22's revenue from external customers and information about its non-current assets, excluding deferred tax, by geography is detailed below:

	2023 Revenue £'000	2023 Non-current assets £'000	2022 Revenue £'000	2022 Non-current assets £'000
UK	**1,906**	**2,109**	1,712	2,694
Europe	**792**	**1,466**	716	1,955
USA	**2,215**	**2,203**	1,520	3,141
Rest of world	**353**	**–**	325	1
Total	**5,266**	**5,778**	4,273	7,791

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

For the year ended 31 December 2023, no customer generated more than 10% of total revenue recognised in the year. For the year ended 31 December 2022, one customer, reported within the UK segment, generated more than 10% of total revenue and the total revenue received from this customer was £0.5m.

Non-current assets include goodwill and intangible assets recognised on consolidation and are classified by reference to the geographical location of the KRM22 group company which initially acquired the acquiree.

Recurring revenue is recognised over the period of time and non-recurring revenue is recognised at a point in time.

	2023 £'000	2022 £'000
Recurring revenue	4,769	3,945
Non-recurring revenue	497	328
Total revenue	5,266	4,273

	2023 £'000	2022 £'000
Trading Risk	2,487	1,867
Corporate Risk	2,593	2,258
Multiple Risk	72	148
TT Platform	114	–
Total	5,266	4,273

6. Other operating income

	2023 £'000	2022 £'000
Operating lease income (net)	142	131
Total revenue	142	131

In April 2023, KRM22 entered into an agreement to extend the sublease of some of its office space until the end term of the headlease which ends in July 2024. The terms of the sublease differ to the terms of the headlease, which KRM22 recognises as a finance lease, and therefore the sublease is treated as an operational lease with net income generated in the year of £0.1m (2022: £0.1m).

7. Operating loss

Operating loss for the year has been arrived at after charging/(crediting) the following:

	2023 £'000	2022 £'000
Depreciation of property, plant and equipment	6	48
Depreciation of right of use assets	233	265
Amortisation of intangible assets	1,054	1,324
Impairment of intangible assets	1,593	–
Acquisition, funding and debt expenses (refer to note below)	38	–
Deferred consideration write back (refer to note below)	(115)	–
Operating lease costs	38	28
Foreign currency exchange losses/(gains)	544	(843)

I. Acquisition, funding and debt related costs

Total acquisition, funding and debt related costs of £0.04m were incurred in the year ended 31 December 2023 in connection with the replacement of the Kestrel Convertible Loan facility with the TT Convertible Loan facility. There were no acquisition, funding and debt related costs incurred in the year ended 31 December 2022.

II. Deferred consideration write back

On 19 December 2023, the Company signed an addendum (the "2023 Addendum") to the Object+ Share Purchase Agreement dated 29 May 2019. Under the terms of the 2023 Addendum, the deferred consideration of US$1.1m (£0.9m) associated with the third and final performance milestone, which the Directors believe has been achieved, was reduced by US$0.2m (£0.2m) to US$0.9m (£0.7m) in return for a cash payment of US$0.1m (£0.04m) to the Seller of Object+. There was no deferred consideration write back or charge recognised in the year ended 31 December 2022.

8. Auditor's remuneration

	2023 £'000	2022 £'000
For audit services		
Audit of the financial statements of the Company	**152**	106
	152	106
For other services		
Tax services of the Company	**8**	3
Tax services for the Company's subsidiaries	**25**	32
	33	35

9. Employee information

I. Employee numbers

The average monthly number of people, including Executive Directors, employed by KRM22 during the year was as follows:

	2023 No.	2022 No.
UK	**25**	23
Europe	**10**	9
USA	**14**	11
Rest of world	**1**	2
Total	**50**	45

II. Employee benefits

The aggregate payroll cost of these persons were as follows:

	2023 £'000	2022 £'000
Wages and salaries	**3,802**	3,597
Social security costs	**270**	252
Pension costs to defined contribution schemes	**149**	145
Share-based payments (credit)/expense	**(100)**	133
Total	**4,121**	4,127

III. Directors' remuneration

The remuneration of the Directors, who also represent the key management personnel of KRM22, during the year was as follows:

	2023 £'000	2022 £'000
Remuneration for qualifying services	571	567
Pension contributions to defined contribution schemes	9	9
Share-based payments	21	54
Total	601	630

Full details of Directors' remuneration is presented in the Remuneration Committee report on page 30. Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2023 £'000	2022 £'000
Remuneration for qualifying services	241	244
Total	241	244

The number of Directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2022: 1).

10. Finance expense

	2023 £'000	2022 £'000
Interest income	(4)	(2)
Interest expense on financial liabilities	339	610
Interest expense on lease liabilities	18	33
Net finance expense	353	641

11. Taxation

	2023 £'000	2022 £'000
Current tax		
UK Corporation tax at 23.5% on loss for the year (2022:19%)	–	–
Income tax on foreign subsidiaries	(2)	8
Research and Development tax credits	(186)	(97)
Total current tax	(188)	(89)
Deferred tax		
Origination and reversal of temporary differences	–	–
Intangible assets recognised on acquisition	(71)	(79)
Total deferred tax (note 22)	(71)	(79)
Total tax credit	(259)	(168)

The tax expense differs from the standard rate of corporate tax in the UK for the year of 23.5% for the following reasons:

	2023 £'000	2022 £'000
Losses before tax	(4,619)	(3,269)
Loss before tax based on corporation tax 23.5% (2022: 19%)	(1,085)	(621)
Expenses not deductible for tax purposes	68	21
Intangible assets recognised on acquisition	(71)	(79)
Income tax on foreign subsidiaries	(2)	8
Losses carried forward	831	503
Total tax credit	(259)	(168)

For information on the Group's total available tax losses, see note 22.

12. Loss per share

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

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

	2023 £'000	2022 £'000
Loss for the year attributable to equity holders of the parent	**(4,619)**	(3,101)
Basic weighted average number of shares in issue	**35,666,336**	35,666,336
Diluted weighted average number of shares in issue	**46,492,491**	46,671,529
	(13.0p)	(8.7p)

13. Intangible assets

	Goodwill on Consolidation £'000	Acquired software and related assets £'000	Capitalised development costs £'000	Total £'000
Cost				
At 1 January 2023	8,053	2,944	3,564	14,561
Additions	–	–	1,105	1,105
Foreign exchange movements	(246)	(57)	(20)	(323)
At 31 December 2023	7,807	2,887	4,649	15,343
Accumulated amortisation				
At 1 January 2023	2,886	1,976	2,288	7,150
Amortisation for the year	–	228	826	1,054
Impairment charge for the year	1,497	–	96	1,593
Foreign exchange movements	(92)	19	(2)	(75)
At 31 December 2023	4,291	2,223	3,208	9,722
At 31 December 2022	5,167	968	1,276	7,411
At 31 December 2023	**3,516**	**664**	**1,441**	**5,621**

Goodwill that arose in prior periods is not amortised. Impairment testing is carried out at Cash Generating Units (CGU) level on an annual basis.

During the year ended 31 December 2023, the Group's share price declined and, whilst management remain confident about KRM22's future revenue growth, they have used a lower level of revenue growth than that used in last year's impairment assessment. Accordingly, the Company has reassessed the recoverability of goodwill and intangible assets and this has resulted in an impairment of £1.6m.

The Company has estimated the recoverable amount of intangible assets at £5.6m using a value-in-use model by projecting cashflows for the next five years together with a terminal value using a growth rate. The five-year projections used in the model are based on the FY24 budget approved by the Directors and discounted to 15% to account for the uncertainty involved in predicting long-term projections. The other key assumptions used were:

- The discount rate (WACC) of 13% (2022: 20%). An increase of 1% in WACC rate would result in a further £0.7m impairment.
- Long-term growth rate of 2.0% (2022: 1.5%). An increase of 1%, in the long-term growth rate would have resulted in a £0.5m reduction in the impairment.

14. Property, plant and equipment

	Fixtures and Fittings £'000	Office equipment £'000	Total £'000
Cost			
At 1 January 2023	164	103	267
Additions	–	16	16
Disposals	–	(30)	(30)
Foreign exchange movements	(7)	(2)	(9)
At 31 December 2023	157	87	244
Accumulated depreciation			
At 1 January 2023	164	92	256
Depreciation charge for the year	–	6	6
Disposals	–	(30)	(30)
Foreign exchange movements	(7)	(2)	(9)
At 31 December 2023	157	66	223
Net book value at 31 December 2022	–	11	11
Net book value at 31 December 2023	**–**	**21**	**21**

15. Investment in subsidiaries

	2023 £'000	2022 £'000
Cost		
At 1 January 2023	**732**	642
Additions	**48**	90
Adjustments	**(162)**	–
Impairment	**(617)**	–
At 31 December 2023	**1**	732
Carrying amount		
At 1 January 2023	**732**	642
At 31 December 2023	**1**	732

The additions recognised in 2022 and 2023 represents share capital contributions made to the Company's subsidiaries in respect of the share option expense recognised on share options issued by the Company to employees of the appropriate subsidiaries. The adjustments in 2023 represents the write back of previously recognised share capital contributions from share options issued by the Company to employees of the appropriate subsidiaries and where the performance condition attached to these share options has lapsed resulting in the write back of share option expense recognised in the appropriate subsidiaries. The capital contribution transaction is a non-cash transaction.

Details of the Company's subsidiaries at 31 December 2023 are as follows:

Name of undertaking	Registered office	Ownership interest and voting rights	Nature of business
KRM22 Central Limited *	5 Ireland Yard London, EC4V 5EH England	100%	Administrative and sales company
KRM22 Development Limited	5 Ireland Yard London, EC4V 5EH England	100%	Development services
KRM22 Americas Inc.	1 South Wacker Drive, Suite 1200, Chicago IL 60606 USA	100%	Administrative and sales company
KRM22 ProOpticus LLC	1 South Wacker Drive, Suite 1200, Chicago IL 60606 USA	100%	Administrative and sales company
KRM22 Netherlands B.V.	Kleine-Gartmanplantsoen 21-2 1017RP, Amsterdam The Netherlands	100%	Non-trading intermediate holding company
KRM22 Market Surveillance Limited	The Old Brewhouse 49 – 51 Brewhouse Hill St Albans, AL4 8AN, England	100%	In liquidation
Object+ Holding B.V.	Kleine-Gartmanplantsoen 21-2 1017RP, Amsterdam The Netherlands	100%	Non-trading intermediate holding company
Object+ B.V.	Kleine-Gartmanplantsoen 21-2 1017RP, Amsterdam The Netherlands	100%	Non-trading intermediate holding company
Object+ Financial Services B.V.	Kleine-Gartmanplantsoen 21-2 1017RP, Amsterdam The Netherlands	100%	Administrative company
Object+ Financial Products B.V.	Kleine-Gartmanplantsoen 21-2 1017RP, Amsterdam The Netherlands	100%	Sales company
Object+ Americas LLC	1 South Wacker Drive, Suite 1200, Chicago IL 60606 USA	100%	Sales company

* Shares held directly by KRM22 Plc

The following subsidiaries have been granted exemption from audit of their individual accounts under section 479A of the Companies Act 2006 following a guarantee given by the parent entity, KRM22 Plc:

- KRM22 Development Limited (Company number: 11082447)
- KRM22 Market Surveillance Limited (Company number: 10754403)

16. Trade and other receivables

Trade receivables disclosed below are classified as loans and receivables and are therefore measured at amortised cost.

	2023 Group £'000	2023 Company £'000	2022 Group £'000	2022 Company £'000
Amounts falling due within one year:				
Trade receivables	706	–	939	2
Other receivables	227	6	276	9
Prepayments and accrued income	209	76	247	85
Total trade and other receivables due within one year	1,142	82	1,462	96
Amounts falling due after more than one year:				
Amounts due from group undertakings	–	–	–	77
Total trade and other receivables due in more than one year	–	–	–	77

The carrying value of trade and other receivables approximates fair value.

At 31 December 2023, the Group had trade receivables falling due within one year of £0.7m including provisions of £0.1m (2022: £0.9m including provisions of £nil), other receivables falling due within one year of £0.2m including provisions of £nil (2022: £0.3m including provisions of £nil). At 31 December 2023, the Company had amounts due from group undertakings falling due after more than one year of £nil including provisions of £nil (2022: £0.1m with provisions of £0.3m).

KRM22 has elected to apply the simplified approach available under IFRS 9:5.5.15 for its trade receivables. KRM22's trade receivables result from transactions in the scope of IFRS 15 'Revenue from Contracts with Customers'. Under this simplified approach, a lifetime expected loss allowance is always recognised (both at initial recognition and throughout the life of the trade receivable).

KRM22's trade receivables have a short duration of less than twelve months, and do not have a contractual interest rate. Therefore an EIR of zero has been applied to cash flows. KRM22 has used a provision matrix to determine the lifetime ECL of the portfolio. It is based on KRM22's historical, observed default rates, and is adjusted by a forward looking estimate of future economic conditions.

KRM22 group revenue was derived from organic customer growth and acquired customer growth through the previous acquisitions: KRM22 Market Surveillance, KRM22 ProOpticus and the Object+ Group. Based on historical observed default rates of the acquired companies, the estimated impairment loss is immaterial. Furthermore, since acquisition the Group has managed customer credit risk in line with Group policy and outstanding receivables are actively monitored and discussed by management. There are no doubts as to the future recoverability of these balances. Therefore, any impairment would be immaterial.

Amounts due from group undertakings have been classified as falling due after more than one year based on the agreed terms of repayment by subsidiaries in future periods. The Company provides regular funding to KRM22 Central Limited at an appropriate interest rate of 8.14%. The Directors consider the terms of the transaction to be at arm's length.

There are significant doubts as to the future recoverability of these intercompany balances, and as such, a provision for bad and doubtful debts of £4.0m (2022: £0.3m) has been raised against the amounts due from group undertakings in the Company statement of financial position and recorded as a charge in the Company income statement.

17. Trade receivables – credit risk

Aging of due and past due but not impaired receivables	2023 £'000	2022 £'000
0 – 30 days	357	897
31 – 60 days	–	30
61 – 90 days	272	12
91+ days	77	–
Total trade and other receivables due in less than one year	706	939

18. Cash and cash equivalents

	2023 Group £'000	2023 Company £'000	2022 Group £'000	2022 Company £'000
Cash at banks and on hand	886	214	1,900	1,475
	886	214	1,900	1,475

19. Trade and other payables

	2023 Group £'000	2023 Company £'000	2022 Group £'000	2022 Company £'000
Amounts falling due within one year:				
Trade payables	367	38	393	32
Accruals and deferred income	2,494	157	2,137	138
Social security and other taxation	138	–	325	–
Other payables	871	–	998	–
Provision for dilapidations	30	–	–	–
Total due within one year	3,900	195	3,853	170
Amounts falling due after more than one year:				
Provision for dilapidations	–	–	30	–
Total due in more than one year	–	–	30	–

The fair value of trade and other payables are the same as the carrying values.

Provisions for dilapidation for expected future expenditure in accordance with lease obligations are based on the Group's best estimate of the likely committed cash outflow. These costs are expected to be incurred at the end of the lease and therefore have been classified as non-current.

Other payables at 31 December 2023 of £0.9m (2022: £1.0m) include £0.7m (2022: £1.0m) related to deferred consideration associated with the acquisition of Object+. The deferred consideration is payable subject to earnout conditions and performance milestones and the Directors believe that the third and final performance milestone was achieved. The liability can be satisfied in either cash or Company ordinary shares at the Company's discretion.

20. Leases – right of use assets and lease liabilities

Right of use assets

	Total £'000
Cost	
At 1 January 2023	1,092
Disposals	–
Foreign exchange movements	–
At 31 December 2023	1,092
Accumulated depreciation	
At 1 January 2023	723
Depreciation charge for year	233
Disposals	–
Foreign exchange movements	–
At 31 December 2023	956
Net book value at 31 December 2022	369
Net book value at 31 December 2023	**136**

Lease liabilities

	Total £'000
Cost	
At 1 January 2023	615
Interest expense	18
Lease payments	(250)
Foreign exchange movements	(14)
At 31 December 2023	**369**

The maturity of the lease liabilities is as follows:

	2023 £'000	2022 £'000
Amounts payable under leases		
Within one year	**369**	493
In two to five years	**–**	122
	369	615

KRM22's leases relate to various office leases held by subsidiary undertakings and include a liability associated with a lease that expired in 2022.

21. Loans and borrowings

	2023 £'000	2022 £'000
Current		
Secured loans	**391**	2,974
	391	2,974
Non-Current		
Secured loans	**3,887**	–
	3,887	–
	4,278	2,974

The fair value of loans and borrowings are the same as the carrying values.

On 17 June 2023, the Company entered into an agreement for a new three year £5.0m convertible loan facility (the "TT Convertible Loan") with Trading Technologies International, Inc. ("TT"), of which an initial £4.0m was drawn down on 23 June 2023 and these proceeds were used to replace the Company's outstanding balance, inclusive of principal and accrued interest of £3.1m, of the existing convertible loan (the "Kestrel Convertible Loan") with Kestrel Partners LLP. A further £0.5m was drawn down on the TT Convertible Loan on 28 November 2023 for working capital purposes. At 31 December 2023, the total amount dawn down on the TT Convertible Loan was £4.5m. The term of the TT Convertible Loan can be extended by a further year to a total of four years.

The interest rate payable on the TT Convertible Loan is the average 90 day Secured Overnight Financing Rate ("SOFR") and a margin of 5.5%, subject to a minimum aggregate percentage rate per annum of 9.25%. Interest is payable quarterly in arrears however the Company has the ability to defer interest payments in the initial 18 months (the "Initial Interest Period"), with the total deferred interest in the Initial Interest Period being paid in two equal instalments on the calendar quarters ending after the 18th and 21st month anniversary of the facility, i.e. 31 December 2024 and 31 March 2025.

Under the terms of the TT Convertible Loan agreement dated 17 June 2023 (the "TT Loan Agreement"), any amounts drawn down form the TT Convertible Loan could be converted into new Ordinary Shares in the Company by TT at any time at the lowest conversion price of: £0.46, the volume weighted average price of the Company's ordinary shares for the three month period prior to service of conversion notice; or the lowest daily closing price for the 30 completed calendar days prior to service of conversion notice. On 1 July 2023, the TT Loan Agreement was amended to remove the variability of the conversion price and replace with a fixed conversion price of £0.46. TT has the right to prevent any conversion which would trigger a Rule 9 event under the Takeover Code. The TT Convertible Loan is secured on certain KRM22 assets and includes covenants based on the Group's financial performance, based on ARR, revenue recognition and solvency.

The TT Convertible Loan contains a host liability and embedded (fixed-for-fixed) equity conversion feature on the basis that there is a contractual cash obligation to pay quarterly interest, which can be deferred for the initial 18 months and paid on the calendar quarters ending after the 18th and 21st month anniversary of the facility, and a requirement to repay the principal amount at the end of three-year TT Convertible Loan term, subject to the conversion option not being exercised by TT. The TT Convertible Loan is classified as being a compound financial instrument and on this basis IAS 32 requires that the TT Convertible Loan is split into equity and liability components. The fair value of the liability component, included in current and non-current borrowings, at initial recognition was calculated using a market interest rate that would apply to a stand-alone loan without a conversion feature (12.427%). The equity component is assigned as the residual amount of £0.3m (see SOCE on page 51), by deducting the amount calculated for the liability component from the fair value of the instrument as a whole. As the TT Convertible Loan is not quoted on an active market, the total amounts drawn down of £4.5m for the instrument is its fair value. The carrying amount of the liability component of the TT Convertible Loan is adjusted for total transaction costs incurred of £0.2m.

22. Deferred tax

	Intangible assets recognised on acquisition £'000	Total £'000
Deferred tax liability at 1 January 2022	301	301
Income statement (credit)	(79)	(79)
Foreign exchange movements	23	23
Deferred tax liability at 31 December 2022	245	245
Income statement (credit)	(71)	(71)
Foreign exchange movements	(10)	(10)
Deferred tax liability at 31 December 2023	**164**	**164**

KRM22 has tax losses of £16.2m (2022: £19.8m) that are available for offset against future taxable profits of those subsidiary companies in which the tax losses arose. Deferred tax assets have not been recognised in respect of these losses as they may not be used to offset taxable profits elsewhere in the Group and they have arisen in subsidiaries whose future taxable profits are uncertain. The estimated value of the deferred tax asset not recognised is £4.0m (2022: £5.0m).

In addition to the above operating tax losses, a potential deferred tax asset could relate to pre-acquisition tax losses of KRM22 ProOpticus. The availability and future utilisation of these losses remains under consideration, taking account of both its legacy ownership structure and Section 382 of the US Internal Revenue Code, whereby the ability to utilise net operating losses arising prior to a change of ownership is limited to a percentage of the entity value of the entity at the date of change of ownership. These potential operating tax losses (and related potential deferred tax asset) have not been included in the available operating tax losses (and related deferred tax asset) owing to current uncertainties on their actual usability.

A deferred tax liability of £0.2m (2022: £0.2m) has been recognised in relation to intangible assets of £2.9m (2022: £2.9m) that arose on the acquisition of KRM22 Market Surveillance, KRM22 ProOpticus and the Object+ group in prior periods.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in that jurisdiction in the year when the asset is realised or the liability settled, based on tax rates that have been enacted or substantively enacted at the statement of financial position date and therefore these have been measured at 25% UK and an effective rate of 26% on our overseas jurisdictions.

23. Operating leases

KRM22 operates from various leased properties around the world and the terms of property leases vary by location. Any property leases that have less than twelve months at the date of inception until termination date are deemed to be short–term leases and recognised as operating leases.

KRM22 has total minimum future lease commitments under non–cancellable operating leases as set out below:

	2023 £'000	2022 £'000
Due within one year	3	–
	3	–

24. Share capital

	2023 No.	2023 £'000	2022 No.	2022 £'000
Issued and fully paid 10p Ordinary shares				
At 1 January	35,666,336	3,567	35,666,336	3,567
At 31 December	35,666,336	3,567	35,666,336	3,567

25. Share–based payments

Warrants

On 24 April 2018, the Company passed a resolution for a total of 6,000,000 warrants to be granted to certain directors and members of staff conditional on the Company's admission to the AIM. The warrants are exercisable in full in three equal tranches, in the event that the Company's share price equals or exceeds three separate hurdles at the relevant testing or vesting date. The earliest testing date for tranche one was two years following admission to the AIM, i.e. 30 April 2020, with the earliest testing date for tranche two and three being one year later, i.e. 30 April 2021.

If these conditions are met the warrants are exercisable at a 100 pence per share. The vesting period is three years and the warrants can be exercised if, at a testing date, the specific performance conditions are met, or the Directors, in their absolute discretion, determine that a warrant may be exercised at any other time and in any other circumstances. If the warrants remain unexercised after a period of ten years from the date of the grant the warrants expire.

Employee share option plan

The KRM22 Employee Share Option Plan ("ESOP"), a UK tax authority approved Enterprise Management Incentive ("EMI"), was set up on 24 April 2018. No options were granted to employees during the year ended 31 December 2023 however in prior years, the Company has granted a combination of LTIP Options, Salary Sacrifice Options, Salary Deferral Options and Salary Deferral Bonus Options under the ESOP.

LTIP Options are awarded as part of a long-term incentive plan. The LTIP Options vest over a three-year period and are exercisable on the third anniversary of the grant date provided that the share price has increased by 5% compounded during the period and provided the employee remains employed by KRM22. If the share price performance has not been achieved by the third anniversary of the grant date, the vesting period is extended for a further two years to the fifth anniversary of the grant date, provided the employee remains employed by KRM22. If the share price performance has not been achieved by the fifth anniversary of the grant date, the LTIP Options automatically lapse.

Salary Sacrifice Options have previously been awarded to employees who waived a proportion of their salary on a short-term basis to help the Company's cashflow. Salary Sacrifice Options granted to Executive Directors and employees vest over a one-month period from the date of grant and the Salary Sacrifice Options granted to Non-Executive Directors vest over a three-month period from the date of grant. All Salary Sacrifice Options lapse on termination of employment with the Company and are not subject to any share price performance conditions.

Salary Deferral Options were granted in 2019 to employees who accepted a temporary salary deferral to help the Company's cashflow and who were due to be paid the amount of salary deferred as a cash bonus (the "Salary Deferral Cash Bonus") when the Company's cashflows permitted. The Salary Deferral Options vested over a one-year period, are not subject to any share price performance conditions and lapse on termination of employment with the Company.

Salary Deferral Bonus Options were granted in 2020 to employees who waived their right to receive their Salary Deferral Cash Bonus to help the Company's cashflow. The Salary Deferral Bonus Options vest over a three-year period in thirty-six equal monthly instalments, are not subject to any share price performance conditions and do not lapse if an employee ceases to be employed by KRM22.

Under the terms of the ESOP, the Directors can exercise their discretion to allow employees to retain their LTIP Options, Salary Sacrifice Options and Salary Deferral Options if an employee ceases to be employed by KRM22. All other terms within the ESOP and individual option agreements remain, and in respect of the LTIP Options, are subject to the performance conditions being achieved.

All options unexercised after a period of ten years from the date of grant expire. KRM22 has no legal or constructive obligation to repurchase or settle the options for cash.

Options are exercisable at a range of between 30.0 pence per share and 85.0 pence per share. The weighted average remaining contractual life of the share options outstanding at 31 December 2023 is 11 months (2022: 1 year and 2 months).

	Weighted average exercise price £	2023 Number	Weighted average exercise price £	2022 Number
Outstanding at 1 January	0.79	10,556,004	0.80	10,146,447
Granted during the year	–	–	0.58	425,557
Forfeited during the year	0.52	(12,481)	0.51	(16,000)
Lapsed during the year	1.01	(673,000)	–	–
Outstanding at 31 December	0.80	9,870,523	0.79	10,556,004

The fair value of options subject to non–market based vesting conditions are measured using a Black Scholes model and those options with market based conditions are measured using a Monte Carlo pricing model.

The fair value of the outstanding options without performance conditions was measured using the Black Scholes options valuation model. The inputs to that model in respect of the share options outstanding under each issue were as follows:

Grant month		Jun 2019	Jun 2019	Nov 2019
Weighted average share price at grant date		£0.770	£0.770	£0.535
Exercise price		£0.850	£0.850	£0.850
Weighted average contractual life		3 years	1 year	3 years
Expected volatility		30%	30%	30%
Expected dividend growth rate		–	–	–
Risk-free interest rate		0.86%	0.86%	0.86%
Note		(a)	(b)	(a)
Grant month	**Dec 2019**	**Jul 2020**	**Sep 2020**	**Oct 2020**
Weighted average share price at grant date	£0.525	£0.280	£0.380	£0.380
Exercise price	£0.525	£0.300	£0.380	£0.380
Weighted average contractual life	3 years	3 years	3 years	3 years
Expected volatility	30%	30%	30%	30%
Expected dividend growth rate	–	–	–	–
Risk-free interest rate	0.86%	0.86%	0.86%	0.86%
Note	(a)	(c)	(d)	(c)
Grant month	**Jan 2021**	**May 2021**	**Feb 2022**	**Dec 2022**
Weighted average share price at grant date	£0.365	£0.475	£0.450	£0.480
Exercise price	£0.365	£0.500	£0.450	£0.630
Weighted average contractual life	3 years	3 years	3 years	3 years
Expected volatility	30%	30%	30%	30%
Expected dividend growth rate	–	–	–	–
Risk-free interest rate	0.86%	0.86%	1.07%	3.30%
Note	(c)	(a)	(c)	(a)

Note:
(a) LTIP Share Options
(b) Salary Deferral Options
(c) Salary Sacrifice Options
(d) Salary Deferral Bonus Options

The fair value of the outstanding warrants with performance conditions was measured using the Monte Carlo simulation model and the inputs to that model in respect of the share options outstanding under each issue were as follows:

	2018
Weighted average share price at grant date	£1.3198
Exercise price	£1.00
Weighted average contractual life	3 years
Expected volatility	30%
Expected dividend growth rate	–
Risk-free interest rate	0.8287%

Restricted Stock Units

KRM22 has awarded staff Restricted Stock Units ("RSUs") to employees, including Executive Directors, as part of a long-term incentive plan. The RSUs vest over a period of five years from the date of award and lapse if an employee ceases to be employed by KRM22.

	2023 Number	2022 Number
Outstanding at 1 January	**253,162**	253,162
Awarded during the year	**608,344**	–
Forfeited during the year	**(18,429)**	–
Outstanding at 31 December	**843,077**	253,162

At 31 December 2023, the remaining balance of RSUs that had been awarded, and which had not been forfeited, was 843,077 (2022: 253,162) and the RSUs vest of the fifth anniversary of the award date.

Award date	Sep 2020	Aug 2023	Nov 2023	Total
Number	253,162	520,230	69,685	**843,077**

The net share-based payment expense recognised for the year ending 31 December 2023 arising from equity-settled share-based payment transactions, including Warrants, ESOP and RSUs amounted to a credit of £0.1m (2022: expense of £0.1m) and the share-based payment reserve as at 31 December 2023 amounted to £2.9m (2022: £3.0m).

26. Capital commitments

At 31 December 2023 KRM22 had no material capital commitments (2022: £nil).

27. Financial instruments and financial risk management

KRM22's principal financial liabilities comprise trade and other payables and borrowings. The primary purpose of these financial liabilities is to finance the operations. KRM22 has trade and other receivables and cash that derive directly from its operations.

The Company has limited financial liabilities as its primary purpose is to hold investments in other group companies. The Company's receivables largely relate to its funding of the operations of KRM22. All items below are stated at amortised cost unless explicitly stated. The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The table below analyses financial instruments carried at fair value by hierarchy level.

	2023 Group £'000	2023 Company £'000	2022 Group £'000	2022 Company £'000
Financial assets				
Cash at banks and on hand – unrestricted	886	214	1,900	1,475
Trade receivables group companies	–	–	–	77
Trade and other receivables	933	6	1,215	–
	1,819	220	3,115	1,552
Financial liabilities				
Trade and other payables	1,238	38	1,421	32
Accruals	330	157	293	138
Borrowings	4,278	–	2,974	–
Derivative financial liability at FVTPL (Level 1)	196	–	255	–
Finance lease obligations	369	–	615	–
	6,411	195	5,558	170

The Directors consider that the carrying amount for all financial assets and liabilities which are not held at fair value through profit or loss approximates to their fair value.

In conjunction with a debt facility (the "Debt Facility") arranged with Harbert European Growth Capital Fund II ("Harbert") in 2019, the Company constituted warrants over 495,049 Ordinary shares. Whilst the balance of the Debt Facility was settled during the year ended 31 December 2020, the warrants remain in place and are exercisable by Harbert until 29 April 2029. The warrants are treated as a derivative financial instrument and recorded at fair value as a current liability with any adjustment in fair value at the statement of financial position dated recognised within finance charge on financial liabilities in the income statement.

The fair value of the warrant instrument was measured using the binomial option valuation model. The inputs to the model are as follows:

	2023
Share price at reporting date	£0.315
Exercise price	£1.01
Expiry period	5 years
Expected volatility	30%
Expected dividend growth rate	–
Risk-free interest rate	4.19%

Financial risk management

KRM22 is exposed to market risk, which includes interest rate risk and currency risk, credit risk and liquidity risk. The senior management oversees the management of these risks and ensures that the financial risk taken is governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with KRM22's policies and risk appetite.

The Board of Directors review and agree polices for managing each of these risks, which are summarised below:

a) Market risk

KRM22's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

Financial currency risk management

KRM22 is exposed to transactional exchange risk. Transactional foreign exchange risk arises from sales or purchases by a group company in a currency other than that Company's functional currency. Further the Group and the Company have inter-company loans made in currencies other than their functional currency.

	USD	EUR	CZK	SGD
Year ended 31 December 2022				
Average rate	1.23	1.17	28.68	1.70
Year-end spot rate	1.21	1.13	27.28	1.62
Year ended 31 December 2023				
Average rate	**1.25**	**1.15**	**27.59**	**1.67**
Year-end spot rate	**1.27**	**1.15**	**28.48**	**1.68**

Foreign currency sensitivity analysis

The following table details KRM22's sensitivity analysis to a 10% (2022: 10%) decrease in Sterling against the relevant foreign currencies which the Directors believe could have the most significant impact on the performance of KRM22. For a 10% (2022: 10%) strengthening of Sterling against the relevant currency there would be a comparable impact on financial performance.

	Loss 2023 £'000	Other equity 2023 £'000	Loss 2022 £'000	Other equity 2022 £'000
US Dollar	**(79)**	**(250)**	(151)	(386)
Euros	**(4)**	**(9)**	(19)	(15)
Czech Kroner	**(89)**	**(355)**	(185)	(555)
Singapore Dollar	**(1)**	**–**	(6)	(3)
	(173)	**(614)**	(361)	(959)

Interest rate sensitivity analysis

Interest rate risk is the risk that the fair value of future cash flows or a financial instrument will fluctuate because of changes in market interest rates. The interest rate payable on the TT Convertible Loan is the average 90 day Secured Overnight Financing Rate ("SOFR") and a margin of 5.5%, subject to a minimum aggregate percentage rate per annum of 9.25%. The Directors therefore believe that any movement in the 90 day SOFR could have a significant impact on the amount of interest paid on the TT Convertible Loan on an annual basis compared with the annual interest being paid of £0.5m based on the 90 day SOFR at 31 December 2023 of 5.35531%.

Change in 90 day average SOFR rate	Total sensitised interest rate (90 day average SOFR plus margin)	Annual interest charge £'000
0.0%	**10.85531%**	**488**
(1.5%)	**9.35531%**	**421**
1.5%	**12.35531%**	**556**
3.0%	**13.85531%**	**623**
5.0%	**15.85531%**	**713**

b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. KRM22 is exposed to credit risk from its operations, primarily from trade receivables, and from loans provided to related parties.

Trade receivables

Customer credit risk is managed subject to KRM22's established policy, procedures and control relating to customer credit risk management. Outstanding receivables are regularly monitored and discussed at executive management and Board level of group companies.

Financial instruments and cash deposits

Credit risk from cash balances with banks and financial institutions is managed in accordance with KRM22 policy. Credit risk with respect to cash is managed by carefully selecting the institutions with which cash is deposited.

Impairment

The financial assets of the Group comprise cash at banks, trade receivables and other receivables. Having reviewed the recoverability of KRM22's financial assets since the reporting date, as well as the likelihood of future losses over the next twelve months and the lifetime of the assets, the Directors have recognised credit losses in respect of other receivables, as detailed in note 17.

c) Liquidity risk

KRM22 is not currently cash generative, however funds were raised as part of the IPO, subsequent share placements and the TT Convertible Loan facility. The Board carefully monitors the levels of cash and is comfortable that it has sufficient cash for normal operating requirements. KRM22 has no committed lines of credit.

The following table details KRM22's remaining contractual maturity for its financial liabilities based on contractual payments:

	Within 1 year £'000	1 to 2 years £'000	2 to 5 years £'000	Total £'000
At 31 December 2022				
Trade and other payables	2,009	–	–	2,009
Secured loans (gross)	3,210	–	–	3,210
Finance lease obligations	493	122	–	615
At 31 December 2023				
Trade and other payables	**1,736**	**–**	**–**	**1,736**
Secured loans (gross)	**391**	**893**	**4,733**	**6,017**
Finance lease obligations	**369**	**–**	**–**	**369**

Capital risk management

KRM22 manages its capital to ensure that it will be able to continue as a going concern while also maximising the operational potential of the business. The capital structure of KRM22 consists of cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued capital and reserves as disclosed in the consolidated statement of changes in equity. KRM22 is not exposed to externally imposed capital requirements.

28. Business combinations

Object+ Holding B.V.

On 30 May 2019 KRM22 Netherlands B.V., a wholly owned subsidiary of KRM22 Central Limited, acquired Object+ Holding B.V. and its subsidiaries Object+ B.V., Object+ Financial Services B.V., Object+ Financial Products B.V. and Object+ Americas LLC (collectively "Object+"), a risk management and post-trade services technology business focused on capital markets.

The acquisition included deferred consideration which was payable in three tranches subject to earn-out conditions which can be satisfied in either cash or Company ordinary shares at the Company's discretion. The first two earn-out conditions were not achieved however the Directors believe that the third and final performance milestone has previously been achieved.

During the year ended 31 December 2023, the third and final tranche of deferred revenue of US$1.1m was reduced by US$0.2m in consideration for a cash payment of US$0.1m (£0.04m). The fair value of the third tranche of consideration has been reduced to US$0.9m to reflect the reduced consideration. As detailed in note 30, US$0.2k of the deferred consideration was settled in Company ordinary shares on 10 April 2024.

29. Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel, including Directors, is set out in aggregate for each of the categories specified in IAS 24 Related Party Disclosures as follows:

	2023 £'000	2022 £'000
Short-term employee benefits	571	567
Retirement benefits	9	9
Share-based payment benefits	21	54
Total	601	630

Related party transactions

Trading Technologies International, Inc. ("TT") is a 25% shareholder of the Company and during the year, the Group recognised revenue from TT of £0.5m (2022: £0.1m) under normal commercial terms. At 31 December 2023, the balance due to the Group from TT was £0.1m (2022: £0.02m). In addition, TT provided services to the Group of £0.02m and the balance due to TT from the Group at 31 December 2023 was £0.01m (2022: £0.01m).

On 17 June 2023, the Company entered into an agreement for a new £5.0m convertible loan facility (the "TT Convertible Loan") arranged by TT, with an initial £4.0m drawn down on 23 June 2023 of which £3.1m was used to repay the outstanding Kestrel Convertible Loan debt of £3.0m plus interest of £0.1m and to support future business growth. A further draw down of £0.5m on 28 November 2023 which was used for working capital purposes.

The interest rate payable on the TT Convertible Loan is the average 90 day Secured Overnight Financing Rate ("SOFR") and a margin of 5.5%, subject to a minimum aggregate percentage rate per annum of 9.25%. Interest is payable quarterly in arrears however KRM22 has the ability to defer interest payments in the initial 18 months (the "Initial Interest Period"), with the total deferred interest in the Initial Interest Period being paid in two equal instalments on the calendar quarters ending after the 18th and 21st month anniversary of the facility, i.e. 31 December 2024 and 31 March 2025. The total interest charged in the year ended 31 December 2023 was £0.2m (2022: £nil). At 31 December 2023, the total amount of loan, including accrued interest, due to TT from the Company was £4.7m (2022: £nil).

Under the terms of the TT Convertible Loan agreement dated 17 June 2023 (the "TT Loan Agreement"), any amounts drawn down form the TT Convertible Loan could be converted into new Ordinary Shares in the Company by TT at any time at the lowest conversion price of: £0.46, the volume weighted average price of the Company's ordinary shares for the three month period prior to service of conversion notice; or the lowest daily closing price for the 30 completed calendar days prior to service of conversion notice. On 1 July 2023, the TT Loan Agreement was amended to remove the variability of the conversion price and replace with a fixed conversion price of £0.46. TT has the right to prevent any conversion which would trigger a Rule 9 event under the Takeover Code. The TT Convertible Loan is secured on certain KRM22 assets and includes covenants based on the Group's financial performance including ARR, revenue recognition and solvency.

On 23 June 2023, KRM22 repaid the £3.0m loan facility (the "Kestrel Convertible Loan") with Kestrel Partners LLP ("Kestrel") plus accrued interest at the settlement date of £0.1m. The interest rate payable on the Kestrel Convertible

Loan was 9.5% per annum and the total interest charged in the year ended 31 December 2023 was £0.1m (2022: £0.3m). Kestrel, inclusive of beneficial interests, is a 17.6% shareholder of the Company.

30. Events after the reporting date

On 7 March 2024, Dan Carter was appointed CEO of the Company, whilst Stephen Casner, a founder director and former CEO of the Company, resigned from KRM22. In addition, Keith Todd relinquished his role as Executive Chairman, whilst remaining an Executive Director of the Company and Garry Jones succeeded Keith Todd of Non-Executive Chairman of the Company.

On 10 April 2024, the Company issued 140,187 new ordinary shares of 10 pence each in the Company at a price of 85 pence per Ordinary Share as consideration for a partial settlement of the deferred consideration payable in respect of the historical acquisition of Object+ Holding B.V.

COMPANY INFORMATION

The board of directors

Garry Jones

Non-Executive Chairman (previously Non-Executive Director until 6 March 2024)

Dan Cater

Chief Executive Officer (appointed 7 March 2024)

Kim Suter

Chief Financial Officer

Keith Todd CBE

Executive Director (previously Executive Chairman until 6 March 2024)

Sandy Broderick

Non-Executive Director

Steve Sparke

Non-Executive Director

Stephen Casner

Previously CEO until 6 March 2024 (resigned 6 March 2024)

Registered office

5 Ireland Yard, London, EC4V 5EH

Company number

11231735

Company Secretary

Kim Suter

Nominated Adviser and Broker

Cavendish Capital Markets Limited, 1 Bartholomew Close, London, EC1A 7BL

Solicitors

Fieldfisher LLP, Riverbank House, 2 Swan Lane, London, EC4R 3TT

Auditor

BDO LLP, 55 Baker Street, London, W1U 7EU

Registrars

Equiniti, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA