

20 November 2023

Ondo Insurtech Plc
("Ondo", the "Company")

Interim Results for the six months to 30 September 2023

Ondo Insurtech Plc (LSE: ONDO), the London-listed leader in claims prevention technology for home insurers, is pleased to announce its unaudited results for the six-month period ended 30 September 2023. A copy of the Interim Results is available on the Company's website, www.ondopl.com.

FINANCIAL HIGHLIGHTS

- Revenue of £1.2 million for the six-month period ended 30 September 2023 (2022: £0.9 million) an increase of 24%
- Recurring revenue from Software and Services of £0.7m (2022: £0.5 million) an increase of 50%, consistent with our strategic intent to drive recurring revenue, with an exit rate in month of September at an annualised run rate of £1.7m
- Reported operating loss of £1.6m (2022: loss £2.1 million) and adjusted loss before tax* £1.9 million (2022: £1.5 million)
- Restructuring of 5-year loan notes with its largest shareholder, HomeServe Assistance Limited, providing additional non-dilutive financing flexibility and generating non-recurring gain of £0.9 million
- Raised £0.8m through an oversubscribed placing and subscription in May 2023 to support the growing deployment pipeline of the LeakBot system

* Adjusted for non-recurring items

OPERATIONAL HIGHLIGHTS

- 18,927 LeakBot units were shipped or sold and awaiting shipment during the period, 61% up vs the same period a year ago (2022: 11,752)
- Total registered customers on platform at period end approximately 84,000, 77% growth (2022: 47,000).
- New US deals signed with Mutual of Enumclaw to rollout in Washington state and with Pure Insurance to rollout in New York state
- 5 Year rollout agreed with Länsförsäkringar – the largest home insurer in Sweden - now live in four regions with further regions planned in the next 6-12 months.
- Post period deal signed with Nationwide – a top 10 homeowners insurer and Fortune 100 company – to make LeakBot part of their Smart Home Program in the US.
- Addressable Households under contract at 2.5m with 3% penetration at 30 September 2023 (2022: 0.5m with 10% penetration) an increase of 394%. Addressable Households increases further to 5m post period with addition of Nationwide.

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CHAIRMAN'S STATEMENT

Today we are pleased to present the unaudited results for the 6-month period to 30 September 2023. In a relatively short period since publishing our first audited Group financial results and in a northern hemisphere summer period that can be quieter for new partner initiatives, the Group has continued to demonstrate substantial progress in the execution of its strategy, including in the highly prospective US market.

Unit sales grew by 61% in the period and Registered customers grew by 77% which resulted in the 50% growth in revenue from Ongoing Software, Services and Repairs. This growth was primarily driven by further penetration into our existing partners in the UK, Denmark and Sweden.

Underpinning the Group's revenue projections in the short to medium term, we were delighted to announce in July 2023 that our pre-existing partner Länsförsäkringar had signed a new five-year contract to support LeakBot's rollout across Sweden. Länsförsäkringar is the largest non-life insurer in Sweden and has approximately 2 million home insurance customers.

Länsförsäkringar first tested LeakBot in the Södermanland regional pilot which delivered a 40% penetration of addressable policyholders and an impressive 50% increase in new home insurance sales, in addition to the prevention of water damage claims. If LeakBot achieve the same results across the Länsförsäkringar Group, then the total revenue opportunity is over £30 million to Ondo.

Particularly notable have been the steps taken to enter the US, a market with the structure and dynamic that promises very considerable growth potential for the Group.

In June 2023, we announced that premium US insurer Mutual of Enumclaw ("MOE") had signed a contract to distribute Ondo's LeakBot system to homeowner insurance customers in Washington State, followed in August 2023 by a new partnership with PURE Insurance and then, post period end, in November 2023 the contract signed with Nationwide.

Nationwide is a breakthrough opportunity in the United States for the Group. Nationwide is a Top 10 US homeowner insurer, and a Fortune 100 company. They have a Smart Home Program already live in 34 US states. LeakBot is now being integrated into that technical platform and we look forward to seeing the customer launch into the first US states in early 2024.

Building on its Green Economy credentials, the Group was excited to announce in June 2023 the results of a pilot deployment by Portsmouth Water to assess the ability of LeakBot devices to reduce household water leakage. UK water regulator, Ofwat has created an innovation fund of up to £100m to encourage solutions that can drive water efficiency in England and Wales from 2024 onwards.

In further pursuit of this, the Group went on to announce in July 2023 a new affiliate partnership with Waterwise - the leading UK water efficiency NGO and in August 2023 a second pilot with Southern Water. Ondo and Waterwise are collaborating to promote the wise use of water, including supporting the rollout of technologies such as LeakBot that can help reduce pressure on the UK's water resources.

In May, the Group raised £0.8m through an oversubscribed placing and subscription to support the growing deployment pipeline of the LeakBot system. My fellow directors Kevin Withington and Andy Morrison joined me in participating in the fund-raising with details as set out in the announcement of 12 May 2023.

The traction demonstrated by the business has been recognised by the market, with the shares attracting new buyers over the summer. After the period end, in October 2023, Ondo announced the appointment of Dowgate as brokers to the Company. With its active wealth management arm and experience in addressing family office and institutional investors, we believe this will help ensure that the Company is in the right hands as it continues to expand its operations and heads for cash break-even.

In generally difficult market conditions, the Group has performed well. I would like to thank everyone for their extraordinary effort over an extended period of sustained activity.

Gregory Mark Wood CBE
Chairman
20 November 2023

CHIEF EXECUTIVE'S REPORT

Ondo has the opportunity, over the next few years, to create a large and valuable technology company; a company founded in the UK, listed in London, with a product Made in Britain and now being exporting around the world – and since our last financial report we have made further significant steps towards this ambition.

The need for our product is growing in the current macro-economic environment. The Association of British Insurers (“ABI”) reported in September that home insurance average claims costs in the UK have increased by 24%¹ putting pressure on insurers’ loss ratios. A new World Wildlife Fund report in October states that a looming water shortage crisis endangers water resources and freshwater ecosystems valued at \$58 trillion annually². Now, more than ever, there is a pressing need for insurers to reduce claims costs and improve profitability, and for Governments and societies to act to waste less water.

Operational Highlights

In this recent trading period, management has been laying the right foundations to achieve the Company’s vision of becoming a **world leader in claim prevention technology**, and we have remained focused on executing our strategy.

In **Europe** we were very pleased in July to announce the new rollout contract with **Länsförsäkringar (“LF”)** in Sweden. As Sweden’s largest non-life insurer with 2 million home insurance customers, this partnership is a significant growth opportunity for Ondo. Länsförsäkringar is taking a strategic approach to the rollout and has decided to use the roll-out to drive mass adoption of a new upgraded Länsförsäkringar app that is designed to deepen and broaden their customer relationships across insurance and banking products. LF customers will use the LF app to install LeakBot, using LeakBot to help drive mass adoption of their app, demonstrating the commitment and central role LeakBot is set to play for LF over the coming months and years. While this technical development work has delayed the immediate ramp in volumes that we expected, it leaves us well placed for 2024.

The big news during the period under review is the significant progress made in the **United States**.

The United States represents by far the largest opportunity for Ondo. There are over 90,000,000 homeowners with household insurance in the United States. It is a \$133 billion a year insurance market. Water damage is a major peril in the United States with \$16 billion of claims on water damage every year. On every policy there is over \$200 of underwriting cost allocated to water damage claims. Together, this means that on a unit economic basis, the US is a highly attractive market.

Our first big step was a new partnership announced in June with **Mutual of Enumclaw** (approx. 100,000 homeowners insured) in the Pacific Northwest, with activity starting in Washington State in September (so having a relatively minor impact on the period results). The campaign has begun well with leaks now being repaired in Washington State. In August, we signed premium insurer **PURE** (approx. 100,000 homeowners insured nationally) with a plan to commence in New York State. The regulator has approved the activity and campaigns are due to go live before the end of the calendar year.

Last week, we announced a new deal with top 10 carrier and Fortune 100 company **Nationwide**. The importance of this particular contract for Ondo cannot be overemphasized. The Top 10 carriers control 64% of the Homeowner insurance market in the United States. Nationwide has developed a Smart Home Program that is live already in 34 states, offering products such as Ting (a solution designed to prevent house fires caused by electrical arcs). Customers receive a policy premium discount for installing the product. We are currently working to complete the technical work to integrate LeakBot into Nationwide’s Smart Home Platform and expect to launch into the first state in early 2024. We then expect to expand across the wider client book, assuming that we can demonstrate to Nationwide that we are capable of executing in a way that can match their demand and scale.

Looking ahead, a key focus for 2024 will be on maintaining excellence of execution across territories to prove to our valued partners that we can scale as required.

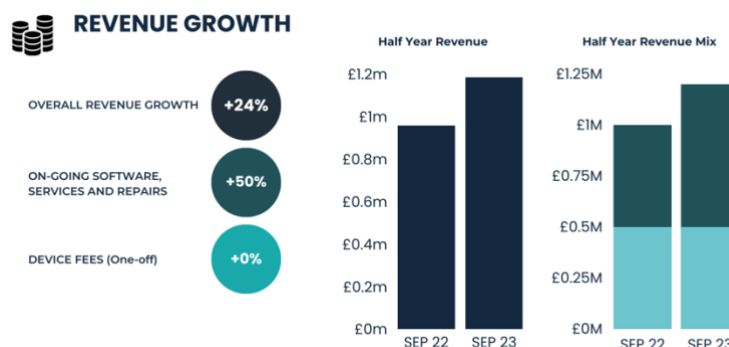
The management team is also pleased with progress on other initiatives. The **G4S** pilot announced in June has successfully concluded. G4S sell their security systems to homeowners via in-home security assessments (with a significant marketing investment to source these leads). G4S ran a pilot with one of Denmark's largest insurers offering their insurance customers a free LeakBot system installed during an in-home security visit. Based on the pilot's results, we are discussing terms for a possible rollout in 2024. We are also partnering with Australia's largest insurer **IAG** to develop an outdoor version of the LeakBot device suitable for the Australian market, with test units now located on site in Sydney and we signed a new deal with **Southern Water** to further test whether the UK water industry could use LeakBot to drive water efficiency and reduce consumption. Given the focus of the UK regulator OFWAT on this area this is a potentially compelling additional route to market for Ondo.

Financial Highlights

Even though there were no new launches that made any major impact on the numbers in the specific reporting period under review, the registered customer base grew by +77% year-on-year ("YOY") to 84,000. Unit sales also grew by +61% YOY.

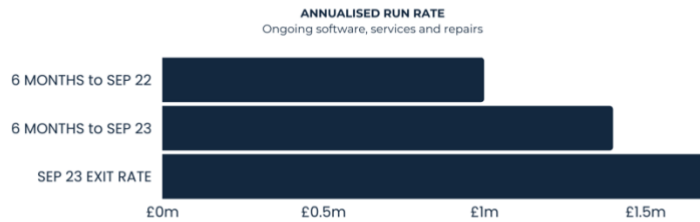


The change in pricing strategy towards prioritising recurring revenues continued to impact the numbers. While unit sales growth was +61%, upfront revenue from unit sales was flat at £0.5m for the 6 months. Recurring revenue from Software, Services and Repairs grew by +50%.



The prospect of continued growth is held out by the last month annualised run rate of £1.7m in September 2023. We intend to continue to drive recurring revenue in preference to one-off upfront device fees, and recent US deals announced have been consistent with this pricing strategy at ~\$5 per month.

REVENUE: ON-GOING SOFTWARE, SERVICES AND REPAIRS



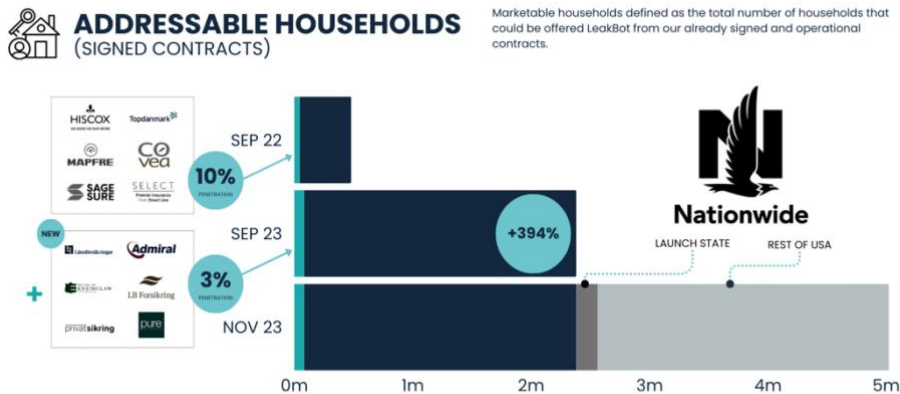
Notable in the accounts is the stock that we have built in the last 6 months with a balance now worth £0.8m (at cost) which relates to the £1m of deferred income where insurance customers have prepaid for these deployments that will rollout in the coming months. Given the recent contract wins and strong sales pipeline this stock build leaves us well positioned to deal with near to medium-term demands without being limited by production capacities.

Given the recent contractual wins with Länsförsäkringar and Nationwide and the huge growth in the Addressable Households under contract (as described below) the business is poised for a period of significant growth and as such we expect that we will want to raise additional capital during the next 12 months to invest to fully pursue this opportunity – continuing our excellence of execution on these contracts and supporting sales and marketing to drive topline growth.

Outlook

The need for our product is growing, with inflated claims costs for insurers, and increased pressure on water resources driven by climate change and population growth. Ondo's partnerships are increasingly shifting from small pilots to larger more strategic initiatives that are core to our partners' long term strategies, and the size of our partners is increasing.

In September 2022 the number of Addressable Households (defined as the number of households that could be offered LeakBot via the already signed contracts in place) was around 0.5m and we had penetrated around 10% of those Addressable Households. As of September 2023 this Addressable Household base was approaching 2.5m driven primarily by the Länsförsäkringar rollout contract. With the recent addition of Nationwide this would take our Addressable Households to over 5 million – suggesting we have only now penetrated around 1.5% of the opportunity represented by already signed deals.



Ondo recently exhibited at the world's largest InsurTech conference: *InsurTech Connect* in Las Vegas. I had the pleasure of meeting with the Founder of Whisker Labs who created **Ting** - a scalable self-install sensor supported by an in-home electrical service that helps prevent fire claims. Ting has signed deals with State Farm and Nationwide and currently has ~500,000 live devices, expanding at a rate of ~40-50,000 units a month. At this same conference four years ago the Internet of Things ("IOT") was

a hot new technology and there were multiple vendors with fresh VC finance offering all manner of IOT sensors, platforms and consultancy services offering to help insurers mitigate claims costs through the power of IOT. This year there were really only two vendors - Ondo's LeakBot and Whisker Lab's Ting - offering scalable solutions, now proven in market, to home insurers. While AI has replaced IOT as the "hot new tech", the size of the ITC conference has grown significantly, and we had a very productive conference in terms of the number and quality of leads from new prospects in the United States.

The market is looking for a solution for water damage claims, and because of our proprietary technology and unique value proposition we have the answer for this \$16bn problem. Now we need to both (i) execute well on the signed deals and (ii) drive the sales machine to capitalise on this momentum.

Thanks to all the team at Ondo who have worked so hard over the last period to make these recent gains. We are all confident in our strategy and in the success that lies ahead for Ondo, and it is great that investors are starting to see it too.

Craig Foster
Chief Executive Officer
Ondo InsurTech PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Unaudited Six months Ended 30 September 2023	Unaudited Six months Ended 30 September 2022	Audited Period Ended 31 March 2023
	<i>Note</i>	£'000	£'000	£'000
Revenue		1,186	959	2,384
Cost of sales		(892)	(617)	(1,534)
Gross profit		294	342	850
Administrative expenses	4	(1,928)	(1,695)	(5,766)
Reverse acquisition expenses		-	(706)	(956)
Operating loss		(1,634)	(2,059)	(5,872)
Financial expense		(265)	(176)	(351)
G36%ain on loan note liability derecognition	10	877		
Loss before tax		(1,022)	(2,235)	(6,223)
Tax credit		-	-	217
Loss for the period and total comprehensive loss		(1,022)	(2,235)	(6,006)
Earnings per share attributable to equity owners				
Basic and diluted (loss) per share (pence)	7	(1.37)	(3.28)	(9.13)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		<i>Unaudited</i> As at 30 September 2023	<i>Unaudited</i> As at 30 September 2022	<i>Audited</i> As at 31 March 2023
	Note	£'000	£'000	£'000
Intangible assets		73	-	89
Property, plant and equipment		60	-	65
Non-current assets		133	-	154
Current assets				
Cash and cash equivalents		492	1,580	376
Inventories		808	258	423
Trade and other receivables	5	1,341	330	829
Total current assets		2,641	2,168	1,628
Total assets		2,774	2,168	1,782
Current liabilities				
Trade and other payables	6	(2,419)	(576)	(2,020)
Total current liabilities		(2,419)	(576)	(2,020)
Net current liabilities		222	1,592	(392)
Non-current liabilities				
Loans and borrowings	9	(6,142)	(6,401)	(6,401)
Total non-current liabilities		(6,142)	(6,401)	(6,401)
Total liabilities		(8,561)	(6,977)	(8,421)
Net liabilities		(5,787)	(4,809)	(6,639)
Equity				
Share capital		4,046	3,408	3,408
Share premium		5,088	3,902	3,902
Share based payments reserve		217	214	170
Reverse acquisition reserve		21,769	21,769	21,769
Retained deficit		(36,907)	(34,102)	(35,888)
Total equity		(5,787)	(4,809)	(6,639)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital £'000	Share premium £'000	Reverse acquisition reserve £'000	Share based payments reserve £'000	Retained deficit £'000	Total £'000
At 01 April 2023	3,408	3,902	21,769	170	(35,888)	(6,639)
Issue of ordinary shares	627	1,255	-	-	-	1,882
Cost of share issued	-	(81)	-	-	-	(81)
Exercise of Options	11	12	-	-	-	23
Share based payment	-	-	-	47	3	50
Loss for the period	-	-	-	-	(1,022)	(1,022)
At 30 September 2023	<u>4,046</u>	<u>5,088</u>	<u>21,769</u>	<u>217</u>	<u>(36,907)</u>	<u>(5,787)</u>

	Share capital £'000	Share premium £'000	Reverse acquisition reserve £'000	Share based payments reserve £'000	Retained deficit £'000	Total £'000
At 01 April 2022	3,408	3,909	21,769	164	(31,867)	(2,617)
Share based payment	-	(7)	-	50	-	43
Loss for the Period	-	-	-	-	(2,235)	(2,235)
At 30 September 2022	<u>3,408</u>	<u>3,902</u>	<u>21,769</u>	<u>214</u>	<u>(34,102)</u>	<u>(4,809)</u>

	Share capital £'000	Share premium £'000	Shares based payments £'000	Reverse Acquisition reserves £'000	Retained earnings £'000	Total £'000
At 01 October 2021	28,250	-	-	-	(29,969)	(1,719)
Issue of Ordinary Shares	2,276	3,146	-	-	-	5,422
Cost of shares issued	-	(192)	-	-	-	(192)
Leakbot Acquisition	(27,118)	955	164	21,769	-	(4,230)
Share based payment	-	(7)	93	-	-	86
Exercise of options	-	-	(87)	-	87	-
Total Comprehensive loss for the period	-	-	-	-	(6,006)	(6,006)
At 31 March 2023	<u>3,408</u>	<u>3,902</u>	<u>170</u>	<u>21,769</u>	<u>(35,888)</u>	<u>(6,639)</u>

CONSOLIDATED STATEMENT OF CASH FLOWS

	<i>Unaudited</i> Six months Ended 30 September 2023 £'000	<i>Unaudited</i> Six months Ended 30 September 2022 £'000	<i>Audited</i> Period Ended 31 March 2023 £'000
<i>Cash flows from operating activities</i>			
Loss before income tax	(1,022)	(2,235)	(6,223)
<i>Adjustments:</i>			
Share based payments	50	42	85
Reverse acquisition share based payment expense	-	706	706
Depreciation and amortisation	24	-	13
Gain on loan note liability derecognition	(877)	-	-
Financial expense	265	176	351
<i>Movement in working capital</i>			
(Increase)/Decrease in trade and other receivables	(513)	(516)	(669)
(Increase)/Decrease in Inventories	(385)	(258)	(412)
Increase/(Decrease) in trade and other payables	753	(104)	1,217
Cash used from operations	(1,705)	(2,189)	(4,932)
Group tax relief received	-	-	217
Net cash used in operations	(1,705)	(2,189)	(4,715)
 <i>Cash flow from investing activities</i>			
Cash acquired with subsidiary	-	1,670	1,670
Purchase of investments	-	(1,600)	(1,600)
Purchase of tangible assets	(3)	-	-
Purchase of intangible assets	-	-	96
Purchase of investments	-	-	71
Net cash flow from investing activities	(3)	70	237
 <i>Cash flows from financing activities</i>			
Issue of ordinary shares (net of costs)	1,824	3,148	6,580
Net cash flows from financing activities	1,824	3,148	6,580
 Net increase in cash and cash equivalents	116	1,029	2,102
Cash and cash equivalents at beginning of period	376	551	(1,726)
Cash and cash equivalents at end of period	492	1,580	376

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

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 September 2023

1. General Information

Ondo InsurTech Plc (the "**Company**") was incorporated on 23 February 2021 in England and Wales, with registered number 13218816 under the Companies Act 2006. The registered office of the company is 6th Floor 60 Gracechurch Street, London, United Kingdom, EC3V 0HR.

The Company was initially incorporated with the name Spinnaker Acquisitions Limited. On 12 May 2021, the Company re-registered as a public limited company.

On 21 March 2022, the Company completed the acquisition of Leakbot Limited via a reverse takeover which resulted in the Company becoming the ultimate holding company of "the Group". On 22 March 2022, the Company changed its name from Spinnaker Acquisitions Plc to Ondo InsurTech Plc.

During the period ended 30 September 2023, the principal activity of the Group was that of the provision of domestic leak detection services and technology to the home insurance industry and homeowners.

2. Basis of preparation

The consolidated interim financial information and accompanying notes are based on the following policies which have been consistently applied:

The financial information of the Company has been prepared in accordance with the Companies Act 2006 and UK-adopted International Financial Reporting Standards ("UK adopted IFRS").

The financial information presented in Sterling, which is the Company's functional and presentational currency and has been prepared under the historical cost convention.

The preparation of financial information in conformity with UK adopted IFRS's requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's Accounting Policies.

On 21 March 2022, Ondo InsurTech Plc completed the acquisition of Leakbot Limited ("Leakbot") via a reverse takeover which resulted in the Company becoming the ultimate holding company of the Group. The transaction did not meet the definition of a business combination under IFRS 3 and was under the scope of IFRS 2. In accordance with IFRS 2, a share based payment expense equal to the deemed cost of the acquisition less the fair value of the net assets of the Company at acquisition was recognised. The comparatives represent that of the legal subsidiary and accounting acquirer, Leakbot.

The financial information for the interim period covers the unaudited period from 1st April 2023 to 30 September 2023 with the comparison being the 1st April 2022 to 30 September 2022.

The comparative financial information for the period ended 31 March 2023 in this interim report does not constitute statutory accounts for that period under section 435 of the Companies Act 2006. Statutory accounts for the period ended 31 March 2023 have been reported on by the Group's auditors and delivered to the Registrar of Companies. The comparative for the period ended 31 March 2023 is for the period from 01 October 2021 to 31 March 2023.

The auditors' report on the accounts for the period ended 31 March 2023 was unqualified but did contain a material uncertainty related to going concern as follows:

“Material uncertainty related to going concern.

We draw attention to note 2 in the financial statements, which indicates that the group's and Parent Company's ability to continue as a going concern relies heavily on the successful execution of their strategic plan within the next twelve months from the approval of the financial statements. The achievement of the plan's objectives is dependent on factors such as securing new partnerships, finalising ongoing negotiations with potential customers, and raising additional funds. The outcomes are contingent on the successful realisation of strategic initiatives, external market conditions and investor appetite.

As stated in note 2, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the group's and parent company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

- Reviewing management's assessment of the going concern basis drawn up to 31 July 2024, including their evaluation of future funding requirements and funding availability, while challenging their key assumptions and inputs to ensure reasonableness and appropriateness;
- Agreeing the underlying cash flow projections to management-approved forecasts, examining their alignment with the strategic plan and progress towards its successful implementation;
- Assessing the group's and parent company's liquidity and the impacts on the reliability of the going concern evaluation;
- Assessing whether key assumptions and inputs to the model were reasonable, in light of the group's relevant principal risks and uncertainties, and conducting our independent assessment of those risks; and
- Conducting sensitivity analysis on management's key assumptions and inputs against plausible scenarios.”

The directors' assessment on going concern at the date of the consolidated interim financial information is disclosed in note 4.

3. Estimates and judgements

The preparation of consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense.

Actual results may differ from these estimates. In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were:

Share based payments

The estimates of share-based payment costs require that management selects an appropriate valuation model and makes decisions on various inputs into the model, including the volatility of its own share price, the probable life of the options before exercise, and behavioral consideration of employees. A significant element of judgement is therefore involved in the calculation of the charge.

4. Going concern

In accordance with the QCA Corporate Governance, the Directors have assessed going concern over a twelve-month period from the approval of these financial statements i.e., up to 30 November 2024. As part of this assessment, the Directors have analysed the prospects of the Group by reference to its current financial position, recent trading trends and momentum, forecasts and financial projections, strategy, economic model and the principal risks and mitigating factors.

The strategic plan forms the base case for the scenario modelling that underpins the long term going concern assessment. It has been built out from the Board approved budget. Principal assumptions include continued activity with existing insurance partners, and new activity with pipeline partners; pricing assumptions based on signed contracts or active negotiations; direct cost assumptions based on current run-rates; assumptions about fixed overhead and operational costs being largely stable through the period; some limited capital expenditure in technology and manufacturing.

The Directors have reviewed the Group's forecasts and projections for the 12-month period to November 2024 (the 'Assessment Period'), which is aligned to the Group's current strategic planning cycle. The Directors have assessed the future viability of the Group by reviewing the Base Case and risk scenarios based on the Principal Risks. These circumstances have been evaluated based on principal and emerging risks identified by management through its risk management process, with consideration given to broader social economic factors.

The Directors have concluded that it will be necessary to raise additional funding within the Assessment Period for the Group to implement its strategic plan within the proposed timeframe.

During the period ended 30 September 2023, a placing was completed raising £815,000, this is alongside the exercise of share warrants and options for £1,089,187. The Directors are confident that further fund-raising could be undertaken, if required, to support business growth.

The Director's note that there remains 27.3m equity warrants in issue at the end of the period. The total value of these is £6.1m with an average exercise price of 22.5p. The Directors note that if a proportion of these warrants are exercised, this could provide additional funding but that this remains uncertain and dependent on market conditions.

Overall, the Directors have a reasonable expectation that the Group will be able to access adequate funding via debt or equity to continue in operational existence for a period being at least the next twelve months from the date of issue of the Interim results. On this basis, the Directors continue to adopt the going concern basis in preparing these accounts.

5. Operating expenses by nature

	Unaudited Six months Ended 30 September 2023 £'000	Unaudited Six months Ended 30 September 2022 £'000	Audited Period Ended 31 March 2023 £'000
Directors' remuneration	324	164	568
Professional fees	194	284	1,218
Share based payments	50	42	-
Staff cost	914	789	2,794
Depreciation and amortisation	24	-	13
Contract staff	-	91	138
IT systems & platform	236	121	476
Sundry expenses	186	204	559
	<hr/>	<hr/>	<hr/>
	1,928	1,695	5,766

6. Trade and Other receivables

	As at 30 September 2023	As at 30 September 2022	As at 31 March 2023
	£'000	£'000	£'000
Trade Receivables	898	292	630
Other Receivables	443	38	199
	<hr/>	<hr/>	<hr/>
	1,341	330	829
	<hr/>	<hr/>	<hr/>

7. Trade and Other payables

	As at 30 September 2023	As at 30 September 2022	As at 31 March 2023
	£'000	£'000	£'000
Trade Payables	1,123	157	795
Other Payables	142	12	108
Deferred Revenue	1,050	180	655
Accruals	104	51	111
Sub Total	<hr/>	<hr/>	<hr/>
	2,419	400	1,669
Loan Note interest	-	176	351
	<hr/>	<hr/>	<hr/>
	2,419	576	2,020
	<hr/>	<hr/>	<hr/>

8. Earnings per share

The basic earnings per share is calculated by dividing the loss attributable to equity shareholders by the weighted average number of shares in issue.

The Company had in issue 80,922,736 ordinary shares at 30 September 2023 with, 68,169,162 ordinary shares at 30 September 2022 and 68,169,162 as at 31 March 2023.

The loss attributable to equity holders and weighted average number of ordinary shares for the purposes of calculating diluted earnings per ordinary share are identical to those used for basic earnings per ordinary share.

	Unaudited Six months Ended 30 September 2023	Unaudited Six months Ended 30 September 2022	Audited Year Ended 31 March 2023
Loss for the period attributable to equity holders (£'000)	(1,022)	(2,235)	(6,006)
Weighted average number of shares in issue (000s)	74,435	68,169	65,760
<i>Basic and diluted (loss) per share (pence)</i>	<u>(1.37)</u>	<u>(3.28)</u>	<u>(9.13)</u>

9. Share based payments.

Equity-settled share-based payments are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant.

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.

On 19 May 2023, 250,000 share options were granted with an exercise price of £0.12 and an expiry period of 4 years.

The fair value of the options has been calculated using the Black-Scholes valuation model. The assumptions used in the fair value calculation were as follows:

	Options	Options	Options	Options	Options
Date of grant	7 March 2022	7 March 2022	7 March 2022	1 October 2022	19 May 2023
Number	653,333	1,864,520	3,374,766	689,071	250,000
Exercise price (pence)	12p	5p	12p	12p	12p
Risk free interest (%)	1.18%	1.12%	1.12%	1.18%	3.91%
Expected volatility (%)	18%	18%	18%	61%	74%
Expected life (years)	3.75	2	4	4	4
Fair value	0.02	0.07	0.02	0.02	0.11
Option life	4 years	2 years	4 years	4 years	4 years

The total share-based payment expense recognised in the income statement for the period ended 30 September 2023 in respect of the share options granted was £50,159.

Volatility was determined by reference to the standard deviation of daily share prices.

10. Loans and borrowings

On 21 March 2022, the Company issued £6,401,000 loan notes to the seller for acquisition of Leakbot Limited (the "Loan Notes"). The Loan Notes carry a fixed interest rate of 10% per annum on the principal amount of the notes outstanding from time to time. The first interest payment due on this loan is on 31 March 2024.

On 9 July 2023, the Company agreed with the Loan Note holders to revise the terms of the Loan Note.

The key changes are:

- First repayment of principal deferred from 31 March 2025 to 31 March 2026
- Final redemption extended by 1 year to 31 March 2029 from 31 March 2028
- Interest due from 31 March 2024 to 31 March 2025 is rolled up and deferred with repayments made in 4 equal instalments in line with the revised repayment of principal.
- Interest rate increased from 10% to 12% from 31 March 2024

In accordance with IFRS 9, interest has been calculated using the effective interest rate over the relevant period with interest of £265,625 (31 March 2023 £351,878). In line with IFRS 9, the changes in the Loan Note terms have led to a derecognition of the original loan note instrument and the establishment of the new instrument reflecting the revised terms. This derecognition has led to a gain of £877,418 during the period.

	Unaudited Six months Ended 30 September 2023 £'000	Unaudited Six months Ended 30 September 2022 £'000	Audited Year Ended 31 March 2023 £'000
Interest expense	265	176	351
Gain on loan liability derecognition	(877)	-	-
	<hr/> 612	<hr/> 176	<hr/> 351