

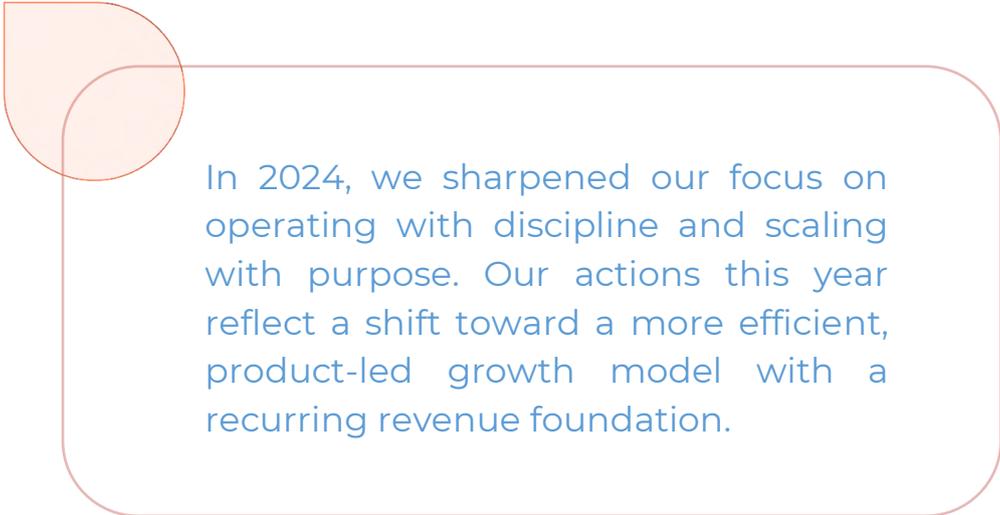
2024 Annual Report

FADDEL® LICENSING
RIGHTS
ROYALTIES



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In 2024, we sharpened our focus on operating with discipline and scaling with purpose. Our actions this year reflect a shift toward a more efficient, product-led growth model with a recurring revenue foundation.



AT A GLANCE

FADEL is a leading developer of cloud-based brand compliance and rights and royalty management software, working with some of the world’s leading licensors and licensees across media, entertainment, publishing, consumer brands and hi-tech/gaming companies.

Results for the year ended 31 December 2024

Annual Recurring Revenue (“ARR”)

+10%

to \$9.9M

Adjusted EBITDA Loss

\$3.9M

(2023: \$1.7M)

Net Loss before Taxes

\$5.0m

(2023: \$1.9M)

Revenue

-10%

to \$13.0M

Gross Profit Margin

62%

(2023: 62%)

EXAMPLES OF KEY CUSTOMERS





STRATEGIC REVIEW



CHAIR'S STATEMENT

Introduction

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

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

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

I am pleased to report that the team has been able to both meet its revised forecast for 2024, as well as make encouraging progress with product development to meet the needs of both enterprise and mid-market customers. Further details are set out in the CEO's report on Pages 9 - 14.

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

Strategic Direction

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

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

Corporate Governance

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

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

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

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

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

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

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

ESG

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

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

Stakeholder Communications

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

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

Looking Forward

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



Simon Wilson

Chair of the Board

30 April 2025

CEO'S REVIEW

Overview

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

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

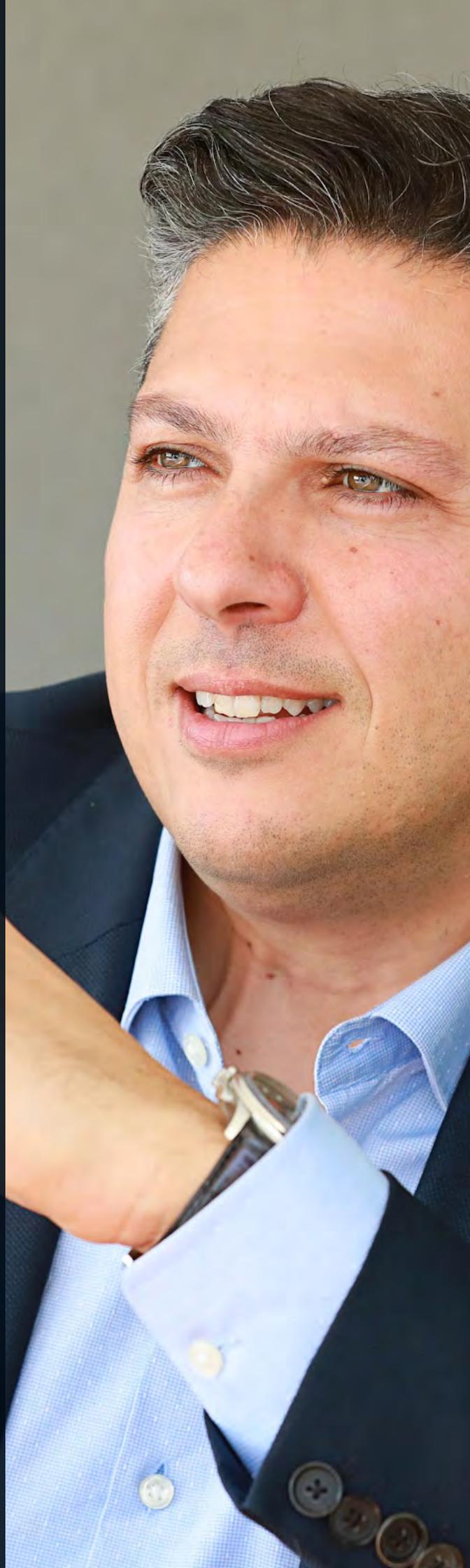
That said, we faced several headwinds during the year. Enterprise sales cycles continued to lengthen, impacting the timing of deal closures and new client onboarding. In parallel, building out our sales organization presented challenges, particularly in recruiting and fully ramping up new sales by the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

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

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

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

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



Product Portfolio Expansion

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

Accelerating Adoption of Brand Vision

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

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

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

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

Launch of LicenSee™ and IPM Mid-Market Expansion

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

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

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

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

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

Reinvigorating PictureDesk

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

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

- **Centralised Asset Management:** Supporting the ingestion, organisation, and retrieval of licensed, commissioned, and published assets across departments and content workflows.
- **AI-Powered Visual Search:** Enabling creative teams to find the right image faster using similarity-based search capabilities.
- **Content Syndication & Monetisation:** Providing content owners and publishers with a portal to distribute and monetise editorial packages and digital rights across partners and licensees.

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

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

Advancing Our Product Strategy

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

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

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

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

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

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

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

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

Investing in Operational Efficiency and Strategic Alignment

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

Key initiatives included:

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

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

Delivery against growth strategy

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

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

- Purpose-built solutions enabling lower and mid-market expansion across all product families,
- Land-and-expand execution within our established enterprise customer base, and
- Strategic product innovation designed to increase retention and create cross-sell momentum.

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

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

Land and Expand

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

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

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

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

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

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

Pipeline

We exited 2024 with sales processes being well defined and we right sized our sales and marketing expenditures going into 2025. Following our IPO, we invested in and trained an automation-enabled go-to-market team supported by multiple lead generation channels. This structure was recently strengthened by

the launch of our redesigned website in Q1-2025 and an expanded digital marketing program, both of which are now contributing to increased inbound engagement and qualified pipeline development. We also spent a considerable amount of time revising and optimizing our lead to opportunity conversion processes.

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

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

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

Current trading and outlook

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

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

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

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



Tarek Fadel

Chief Executive Officer

30 April 2025

OUR STRATEGY AND BUSINESS MODEL

Our strategy

We are witnessing several key trends in the marketplace that position FADEL advantageously for significant opportunities. The increase in digital content creation, coupled with innovations in content generation methods and types (e.g., video, generative AI, user-generated content), underscores a shift towards more authentic brand-consumer interactions. This dynamic landscape necessitates that content consumers—both marketers and publishers—establish sophisticated technology, operations, and processes to oversee the content's lifecycle and ensure compliance from acquisition through to post-distribution.

Moreover, brands are increasingly looking to differentiate themselves and enhance their market appeal by expanding their licensing activities. An illustrative example of this strategy is a beauty brand that collaborates with content creators for social media makeup reviews, engages celebrity talent as brand ambassadors, and enters into strategic licensing agreements with other brands that resonate with their target audience. These initiatives are integral to our strategic direction and enhance our value proposition to stakeholders.

We have deliberately positioned ourselves to serve the growing needs of this universe through the provision of IP and Brand Licensing Management, Digital Content Management and Brand Compliance software. Our two product families meet the needs of a large number of participants in this marketplace by delivering content aggregation and searchability; brand compliance and licensing; and the monitoring and tracking of talent, brand assets, and marketing & advertising content. We intend to grow our platform through the provision of incremental feature/functionality, the development of new offerings, the acquisition of related and/or additive businesses and the expansion of all activities to new customers and markets.

In the near term this is being done through a deliberate four-pronged approach;

Strengthening our Go-to-Market Capabilities

We have improved our US and European sales footprint through direct hires, enhanced training, and the integration of automation tools. In parallel, we are pursuing targeted partnerships and channel distribution opportunities to accelerate reach and sales velocity across both enterprise and mid-market segments.

Scaling Demand Generation and Market Visibility

Investments in digital marketing, thought leadership, and content-driven campaigns are generating broader awareness and engagement. Our redesigned website, enhanced inbound funnel, and improved sales enablement workflows are collectively shortening sales cycles and converting a more qualified pipeline into revenue.

Continued Product Innovation and Differentiation

We remain focused on enhancing our platform capabilities through AI-driven features, modular packaging, and expanded IPM Suite functionality—including our upcoming Product Approvals module. These investments ensure we meet evolving customer needs while reinforcing our competitive differentiation across key verticals.

Building Delivery Capacity for Scalable Growth

To meet the growing demand from new IPM Suite and Brand Vision clients, we are proactively expanding our services and R&D teams in cost-efficient locations. This includes pre-hiring and training additional technical and functional resources to support implementation velocity and ensure a consistent customer experience at scale.

Our business model

IPM Suite and Brand Vision solutions are offered as license / subscription (SaaS) respectively, often with an associated recurring support package for IPM Suite which is also considered recurring in nature. In addition, the Group offers service contracts to customers, provided under separate contracts, typically for larger IPM Suite customers and in more complex use cases. Service contracts are provided to customers who require enhanced assistance with implementation of the software product they purchased, the development of additional features, or other business/software requirements that are not included in the software/support/update included as deliverables in their main software contract. Therefore, the Group has a combination of recurring revenue from the ongoing use of the software, and one-off Services revenues for design, configuration, build and implementation of the products and solutions development for bespoke needs. Typically, service contracts range between one to three years, involve the implementation of additional product features and directly correspond to higher SaaS revenue from the customer.

IPM Suite - Enterprise and Mid-Market

Licence (included in ARR)

- annual or multi-year agreements; and
- recurring revenue stream \$50 thousand - \$500 thousand per customer per annum

Support (included in ARR)

two Support plans:

- basic post-implementation; and
- extended support services (ESS) for larger customers with dedicated FADEL resources

Billable Professional Services (excluded from ARR)

- functional implementation
- technical services
- non-recurring revenue, typical contracts range from \$50 thousand - \$1,500 thousand

IPM Suite - LicenSee

Licence (included in ARR)

- annual or multi-year agreements; and
- recurring revenue stream \$10 thousand - \$50 thousand per customer per annum

Implementation Service (excluded from ARR)

- de minimis implementation costs \$5 thousand - \$20 thousand

Brand Vision

Licence (included in ARR)

- annual or multi-year agreements
- recurring revenue stream \$50 thousand - \$800 thousand per customer per year

Implementation Service (excluded from ARR)

- de minimis implementation costs (\$50 thousand - \$100 thousand for Enterprise scale deployments)

MARKET OVERVIEW

Introduction

The world is evolving such that “business leaders across every industry are creating and managing an exponentially growing number of digital media assets. As the volume of content and its sources continues to grow, it is essential to aggregate and organize this content to ensure it is easily searchable. Additionally, managing and tracking compliance throughout the content lifecycle—from pre-production to post-distribution—is critical. This organization and oversight simplify the process of identifying and utilizing the “right” content with the appropriate permissions, thereby enhancing brand consistency, ensuring compliance, and facilitating greater reuse. FADEL combines the power of rights management and content compliance with sophisticated content services, AI-powered visual search and image and video recognition. Further, on the rights and royalty management side, the digital transformation is affecting licensors and licensees who are increasingly working with complex contracts and royalty requirements, with manual spreadsheet-based solutions that require significant manual effort and, in many instances, large teams.

FADEL's distinctive offering integrates major licensors and a broad range of enterprise and mid-market licensees onto a single platform. This integration facilitates streamlined operations and fosters more efficient, collaborative, and profitable partnerships. The Directors believe that FADEL's cloud-based solutions empower businesses to significantly maximize revenues, optimize IP and Content partner relations, reduce risk and increase process efficiencies. The Group has demonstrated a track record of continued customer satisfaction with exceptionally low levels of churn in customers of IPM Suite.

IP and Content Licensing Market

At the core of the Group's proposition is the IP and content licensing market. Global sales of licensed merchandise and services have shown consistent growth in recent years, reaching \$356.5 billion in 2023, a 4.6% increase from \$340.8 billion in 2022 (Source: Licensing International, 2023 Global Licensing Industry Survey). Licensing royalty revenues are also reported to have increased, with significant contributions from key licensed property sectors. The Entertainment/Characters sector remains the largest property type, generating \$147.6 billion in retail sales and accounting for 41.4% of the global market. Corporate Brands followed as the second-largest property type at \$90.3 billion (25.3% share), while Sports properties ranked third at \$39.5 billion, representing 11.1% of the market.

Top-performing property categories in 2023 included Fashion (+7.5%) and Sports (+5.6%), reflecting continued consumer appetite for branded apparel and sport-affiliated merchandise. Product category growth was also evident across Music/Video (+16.3%), Location-Based Entertainment and Themed Attractions (+13.5%), and Video Games (+11%), all of which highlight the dynamic consumer engagement with experiential and digital formats. Apparel, Toys, and Fashion Accessories continued to anchor core sales in traditional product segments, with apparel in particular benefitting from the fusion of pop culture and lifestyle branding. Toys remained a dependable category, supported by cross-media franchises and collectibles, while fashion accessories attracted demand through brand-driven personalization and trend responsiveness.

The U.S. and Canada continued to lead geographically, contributing \$210.3 billion to global licensed sales in 2023, representing a 59% share and reflecting a 3.5% increase from the previous year. The marketplace within which the Group operates has demonstrated significant expansion, driven by rising demand for digital media oversight and compliance. According to the CMI Market Guide, “The Rise of Digital Brand Compliance” by Robert Rose, the increasing importance of digital brand and media management is expected to spur substantial new investment over the next five years. Within this evolving landscape, the

Company remains focused on two core operational areas: rights and royalty management, and digital brand compliance.

Rights and Royalty Management

As part of the broader global shift toward digital transformation, rights management has evolved from a traditional back-office function into a strategic driver of business value. The Directors believe that this transformation reflects growing industry recognition of rights as critical assets—capable of unlocking new revenue opportunities through licensing, increasing operational efficiency, reducing legal exposure, and delivering actionable insights into content value and ownership.

Recent industry research has emphasized the urgency for publishers and media companies to modernize their technology ecosystems. The 2021 Publishing Technology Market Competitive Report by Information Media Partners, which assessed over 200 technology vendors serving the publishing sector, concluded that the next phase of digital transformation would reward companies that embraced scalable, integrated, and sector-aware solutions. It also found that legacy systems and “off-the-shelf” products often require costly customizations that dilute return on investment — fueling demand for more flexible and publishing-specific alternatives.

Similarly, the 2023 Publishing Tech Trends report from Silverchair and Hum highlighted the accelerating adoption of artificial intelligence, workflow automation, and data-driven analytics across the content value chain. It stressed that publishing organizations must evolve their systems to support omnichannel content delivery, smarter metadata management, and audience engagement—capabilities that are increasingly central to rights and royalty governance.

Large publishers and media organizations often depend on ERP and enterprise-scale platforms from established providers. While these solutions may offer base functionality, they frequently fall short of aligning with the nuanced workflows of rights-intensive businesses. As a result, companies are now prioritizing modular, easily integrated systems that can handle the complexities of rights, royalties, and contract management while connecting with broader content operations such as editorial, production, marketing, and distribution.

The Directors believe that although many software solutions today offer royalty or contract management as standalone modules, few deliver truly integrated rights management. This fragmentation presents a significant market opportunity. There is a growing need for unified enterprise solutions capable of meeting the evolving demands of both mid-market and large licensors—not only within publishing but across adjacent verticals such as entertainment, corporate brands, sports, and fashion. Addressing this gap is essential to helping IP-driven organizations maximize the commercial potential of their content in a digitally transformed marketplace.

Digital Brand Compliance

The expansion of digital media has transformed content operations into a core strategic function for enterprises, requiring comprehensive oversight of access rights, licensing, and asset compliance across both internal systems and external distribution channels. As brands increasingly rely on rich media to execute marketing strategies and engage customers, the need for tools that ensure digital brand compliance has become paramount.

According to the CMI Market Guide: The Rise of Digital Brand Compliance, the demand for platforms that can orchestrate and automate legal, licensing, and brand quality processes is accelerating. This is particularly vital within today’s multi-channel digital ecosystem, where content is continuously created, managed, and deployed at high velocity. The report emphasizes how the integration of automation and artificial intelligence has significantly increased both the volume and speed of digital asset production and

activation. It also notes a growing focus on content usage standards—extending beyond basic licensing enforcement to include elements such as resolution, aspect ratio, color profiles, usage rights violations, expiration tracking, and royalty-based usage measurement.

The shift toward in-house media operations has further reinforced the importance of digital brand compliance. Nearly 80% of members of the Association of National Advertisers now operate some form of in-house agency, reflecting a move away from traditional external media agency models. This trend has driven brands to assume direct control over content creation, asset management, and compliance responsibilities—intensifying the need for integrated software solutions that can support robust digital brand governance.

The CMI Market Guide estimates the brand compliance software market to be valued at approximately \$4 billion in 2023, with an expected compound annual growth rate (CAGR) of 18% over the next five years. This rapid growth reflects the increasing complexity and criticality of managing brand integrity at scale.

The Guide also identifies three major trends reshaping the space:

- **Digital Asset Management (DAM)** systems are evolving into real-time systems of engagement, enabling dynamic control over how assets are used and experienced.
- **Digital Rights Management (DRM)** has become an integral part of active brand stewardship, ensuring that usage rights are respected across an expanding digital footprint.
- **Content Quality Management (CQM)** is gaining traction as organizations seek to maintain consistency and compliance in media output across a growing array of platforms and formats.

Together, these developments underscore a broader industry shift: digital brand compliance is no longer a secondary concern but a foundational pillar of modern brand management. As content velocity and platform diversity continue to rise, enterprises must adopt advanced compliance solutions to protect brand value, reduce risk, and ensure high-quality engagement across all digital touchpoints.

Digital Asset Management (“DAM”)

DAM solutions facilitate access, availability and display to digital assets. As the volume, variety and uses of content grow, there is increased need for organized and coordinated content development and storage. Organisations that use DAM solutions are typically better equipped to deliver key components for marketing campaigns, such as real-time personalised marketing across multiple channels at scale¹.

In the Forrester Report titled “Digital Asset Management for Customer Experience, Q1 2022” it was reported that 50% of customers had been using their DAM for two years or less and nearly all references (97%) said that their volume of content had increased over the past year. Brands are adopting DAM systems to archive internal creative imagery, photograph, and video, and also to create active portals for sharing all manner of creative assets with distributors, retailers, other partners and even customers. “Workflow and project management solutions embedded into DAM systems or other solutions leverage taxonomies to allow marketing and creative teams to deliver against accelerating development cycles with transparency and efficiency. As a result, DAM solutions have become a critical component of efficient and effective MarTech ecosystems.”

CMI Market Guide predicts that the DAM market is expected to increase from \$4.5 billion in 2023 to \$10.6 billion by 2028 at a CAGR of 17.5%.

¹ Market Guide for Digital Asset Management by Colin Reid, Mike McGuire

Digital Rights Management (“DRM”)

DRM ensures that all the digital assets created comply with usage rights, copyright regulations, and all licensing agreements. Marketing and advertising teams need to have a strategy and process for ensuring that all the digital assets they create comply with usage rights, copyright regulations, and all licensing agreements. The rise in the market’s usage of DAM systems has driven an increase in the market’s requirement for sophisticated and dynamic solutions to manage and maintain usage rights, licensing agreements, regional availability, and other compliance standards, live and in real-time.

CMI Market Guide predicts that the global digital rights management market to grow from \$4 billion in 2023 to \$9.2 billion by 2028 at a CAGR of 18.2%.

Content Quality Management (“CQM”)

CQM helps monitor digital content both before it is published and after it has reached its final destination for display to various audiences. The increase in demand for content and the number of people responsible for creating brand content has increased over the past decade. This market is currently small, and most existing solutions monitor essential digital asset quality and conformance to existing repositories of assets. However, a rapidly growing segment of this market is also beginning to monitor rich media assets against more sophisticated content usage standards such as resolution, aspect ratio, colours in an image or video, and of course, usage violations, expirations, and royalty or other payment measurements ².

CMI Market Guide predicts that the global content quality management market to grow from \$350 million in 2023 to \$603 million by 2028 at a CAGR of 11.5%.

² CMI Market Guide

A hand is shown from the bottom, holding a glowing purple ring. The ring is composed of two intertwined loops, one slightly offset from the other, creating a three-dimensional effect. The ring glows with a vibrant purple light. In the center of the ring is a rectangular box with a gradient background transitioning from dark blue on the left to bright orange on the right. The text "OUR PRODUCTS" is written in white, uppercase letters within this box. The background is dark, with some faint, out-of-focus light spots. The overall aesthetic is futuristic and high-tech.

OUR PRODUCTS

Brand Vision

AI-Powered Brand Protection & Content Compliance

FADEL Brand Vision empowers marketing, production, business affairs, and creative professionals to streamline workflows, reduce risk, and maximize the impact of their content. With the Talent Directory and Agreement Management, teams can easily manage talent relationships and usage rights—ensuring compliance across the marketing content lifecycle.

Digital Rights Management and Rights Clearance provide full visibility into content usage, so organizations can confidently create and distribute assets knowing rights are always up to date. Meanwhile, AI-Powered Content & Video Tracking protects brand integrity by monitoring image, video and licensed music usage across digital, social, and e-commerce platforms—helping teams detect issues early and stay in control.

As content ecosystems grow more complex, FADEL delivers the clarity, control, and confidence needed to create boldly, operate efficiently, and protect what matters most.

IPM Suite

Smarter Licensing, Automated & AI-Optimized

FADEL's licensing management solutions—IPM and LicenSee—empower licensors, licensees, and publishers to expand deals and drive revenue through automated, streamlined workflows that deliver measurable impact.

Accelerate licensing decisions with AI-driven insights, predictive modeling, dynamic dashboards, and auto-generated summaries and storyboards. IPM transforms royalty management by simplifying complex processes, strengthening partner relationships, and turning licensing strategy into business success.

LicenSee

Streamlined Royalties, Stronger Partnerships, Bigger Growth

Designed specifically for small to mid-market licensees, LicenSee is a powerful royalty management platform that simplifies and automates the royalty reporting process, ensuring accurate calculations and minimizing the risk of costly audits. By leveraging the same robust architecture as IPM Suite, LicenSee offers scalable, user-friendly tools that empower licensees to foster stronger partnerships and drive business growth.

Built on a legacy of working with top licensors, LicenSee transforms royalty management- streamlining processes, strengthening partnerships, and turning strategy into success.

PictureDesk

Centralize, Monetize, and Revitalize Your Digital Content

PictureDesk is built for media companies, publishers, and brands to find, store and monetize published articles and digital assets. Gain access to a centralized hub for live and licensed content, ensuring quick responses to 24/7 news demands. Streamline editorial workflows, syndicate content, and cut costs with advanced tools that reduce repetitive tasks by up to 20%. Monitor and amplify brand impact with tools like AI-powered visual search and real-time tracking of brand ambassadors.



CFO'S REVIEW



We remain focused on sustainable financial discipline, as we continue investing in the levers that will drive long-term value. Our goal is to strike the right balance between margin improvement and strategic growth.

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

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

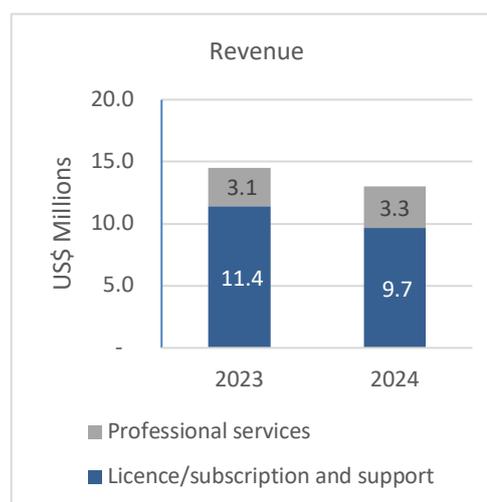
These actions were taken as part of a broader push across the business to drive cost diligence and cash efficiency—principles that have been echoed throughout the organization and reinforced by the Board. At the same time, we remained committed to funding high-impact growth initiatives, including product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

Revenue

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

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

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

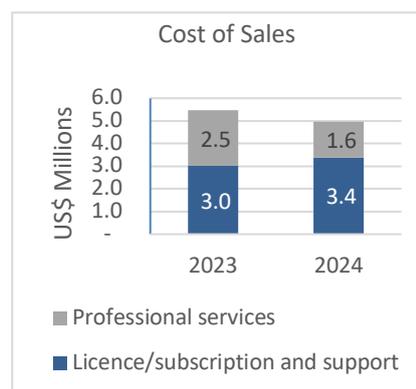


Expenditure highlights

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

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

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



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

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

Gross Profit

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

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

Key Performance Indicators (“KPIs”)

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

Adjusted EBITDA Loss

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

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

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

Annual recurring revenue (ARR)

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

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

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

Growth in Brand Vision ARR was particularly strong, reflecting six new client wins and deepening adoption of our Content Tracking capabilities within the installed base. IPM Suite delivered steady growth across enterprise and mid-market segments. As anticipated, PictureDesk ARR declined, largely due to reduced commercial prioritisation relative to our other product families. This shift in emphasis—rather than any erosion in market relevance—reflected a strategic focus on scaling IPM and Brand Vision. However, recognizing the long-term potential of PictureDesk, we began reinvesting in Q3 2024 by hiring a dedicated sales lead and refining our go-to-market strategy.

Recognizing the long-term potential of PictureDesk, we completed a major UI refresh for the product line and subsequently ramped up sales and marketing efforts in Q3 2024. This investment included hiring a dedicated sales lead and refining our go-to-market strategy. These early actions are already yielding results: in the first quarter of 2025, we significantly expanded the PictureDesk pipeline, including multiple "Private Cloud" installation opportunities with major magazine publishers. These opportunities typically range from \$75K to \$150K in ARR, with some significantly larger. Importantly, PictureDesk already offers

the capabilities required to support these types of installations, capabilities that have been successfully deployed for existing clients. These developments position us to reaccelerate PictureDesk growth in 2025 and capture emerging demand for AI-powered media asset management solutions.

Customer numbers

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

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

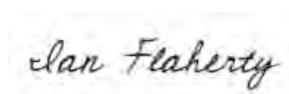
(1) excludes the impact of merged clients

The decline in PictureDesk customer count primarily reflected two trends. One lost client was a "Private Cloud" installation client, which represented the vast majority of the associated ARR decline. The remaining churn came from smaller "Public Cloud" instance clients, whose ARR contributions generally ranged from \$3K to \$8K per client.

Cash and working capital

We ended FY24 with \$2.6 million in cash (2023: \$3.2 million) and no borrowings under our \$1.0 million line of credit, refreshing its full availability for future use through May 2026. Total receivables stood at \$3.0 million (2023: \$6.0 million), with the majority collected shortly after year-end.

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



Ian Flaherty

Chief Financial Officer

30 April 2025

RISK MANAGEMENT

Principal Risks and Uncertainties relating to the Group and its Business

Like all businesses, we operate in an environment of risk, which the Company mitigates and manages. These risks are carefully balanced to ensure that we maximise returns for our shareholders. The Group has a risk management process that identifies, reviews and takes action on a regular basis and is overseen by the Board.

The risks and opportunities set out below are not exhaustive, and additional risks, uncertainties and opportunities may arise or become material in the future. Any of these risks, as well as other risks and uncertainties discussed in this report, could have a material adverse effect on the business.

Ability to retain and attract new customers

Our growth strategy is dependent on the acquisition of new customers, which depends on the perceived value of our products versus those offered by its competitors. **Mitigant:** *Our products provide solutions to complex problems that are an important and growing part of the business model needs of large multinationals across a wide range of sectors. Existing customers highly value our products, as evidenced by the very low levels of churn. Since the launch of 'Brand Vision' we have found that solutions across the product family are ones that many potential customers are increasingly in need of. Building our growing sales team ensures that many more potential customers are aware of our products and how they can solve business-critical challenges faced by them.*

Ability to retain and attract key staff

We recognise that to achieve our strategy we need to continue to take an active approach to identify, attract and retain the skills and expertise needed and to incentivise employees appropriately.

Mitigant: *We ensure that we have in place the appropriate staffing levels, with a focus on technical and commercial capabilities and that employees' and contractors' contracts provide maximum mutual protection, should they leave our employment. We retain key staff by providing a competitive salary and bonus structure and the award of share options. We mitigate the risks associated with our business through the employment of high-quality, experienced staff and contractors, combined with efficient and effective management overview and controls.*

Concentration risk

A significant proportion of our revenue is derived from a small number of customers. **Mitigant:** *With a growing customer base and growing opportunities pipeline, the revenue concentration naturally declines. We also have new products that are relevant to a growing number of existing and new customers. As the growing customer and revenue base increases, this makes us much less reliant on a small number of large customers.*

Key partner and supplier relationships

We partner with a number of other leading companies for some aspects of our products. **Mitigant:** *With a growing customer base and growing opportunities pipeline, the revenue concentration naturally declines. We also have new products that are relevant to a growing number of existing and new customers. As the growing customer and revenue base increases, this makes us much less reliant on a small number of large customers.*

A failure, breach, or interruption, of the Group's IT systems

The Group's business depends on the availability, integrity, and security of its cloud-based platforms and internal systems. A system failure, cybersecurity breach, or material service disruption—whether internal or from a third-party provider—could result in operational downtime, loss of data, reputational harm, and

financial impact. **Mitigant:** *To manage this risk, the Group maintains a comprehensive operational security framework. This includes role-based access controls, environment segregation, and the encryption of data both at rest and in transit. All infrastructure changes are governed by documented change management procedures, with regular system backups and restore testing to support continuity. Proactive monitoring tools are in place to detect and respond to threats, and our security posture is validated through annual SOC audits and third-party penetration testing. These measures are reviewed and updated regularly to remain aligned with industry best practices and evolving risks.*

Macro global economic risk

Our customers and the markets in which it offers its services are directly affected by many national and international factors that are beyond our control. Any one of the following factors, amongst others, may cause a substantial decline in the markets to which we offer our services:

- Economic and political conditions
- The imposition of tariffs and counter-tariff measures, particularly by or against the United States
- The level and volatility of interest rates
- Collapse of financial markets
- Concerns about inflation
- Changes in investor sentiment and consumer confidence levels
- Legislative and regulatory changes

Uncertain economic prospects or a sustained period of financial instability could have a material adverse effect on our business, results of operations, financial condition and growth prospects. In particular, recent and proposed tariff regimes—including those involving the U.S. and its trading partners—have introduced additional uncertainty for global enterprises. These measures have the potential to increase costs and affect buying decisions, particularly for customers outside the U.S. who are more sensitive to price fluctuations. **Mitigant:** *We actively monitor macroeconomic and geopolitical developments, including recent tariff policy changes around the world, to assess and manage potential risks to our operations, customer relationships, and financial performance. While we have not observed a material impact to date, we have seen an increase in price sensitivity among certain customer segments, especially international licensees.*

Despite this, FADEL's products are generally positioned as cost-saving as well as revenue generating solutions due to their automation of complex, manual processes and identification of unlicensed use of digital assets. As such, our software often serves as a means for customers to enhance efficiency and reduce operational overhead—making our value proposition more compelling in uncertain economic climates.

In addition, currency-related risks are mitigated using multi-currency deposits and proactive planning around expected revenue and expenditure. Tax compliance and planning are managed through local and multi-jurisdictional tax advisors, and we continue to align our global footprint with strategic needs to enhance operational resilience.

Geopolitical Risk – Beirut, Lebanon Office

The presence of our significant office in Beirut, Lebanon, exposes us to geopolitical risks arising from the region's political instability, civil unrest, and regional conflicts. Heightened tensions, regulatory changes, or social upheavals could potentially disrupt our operations and pose challenges to the safety and well-being of our employees. **Mitigant:** *We closely monitor geopolitical developments in the region and maintain contingency plans to address potential disruptions to our Beirut office. Our priority is the safety and security of our employees, and we remain vigilant in assessing and mitigating geopolitical risks through*

close coordination with local authorities, enhanced security measures, and flexible work arrangements when necessary. Additionally, our expansion into Jordan during 2024 diversifies our geographic presence, providing us with operational resilience and strategic flexibility in navigating geopolitical uncertainties.



CORPORATE GOVERNANCE

CORPORATE GOVERNANCE REPORT

The Directors acknowledge the importance of high standards of corporate governance and taking account of the Company's size and stage of development, have developed appropriate governance procedures.

Board of Directors and its Role

On 31 December 2024, the Board was made up of three Non-Executive Directors and two Executive Directors and their biographies are detailed on pages 42 and 43.

The Board meets regularly and is responsible for providing effective leadership to promote the Company's long-term success and oversee its generation of shareholder value and contribution to the wider society.

And although the Company as a Delaware corporation is not required to comply with the UK Corporate Governance Code (the 'Code'), the Directors have decided to adopt many of its provisions. The Company formally reports against the Quoted Companies Alliance Corporate Governance Code (the 'QCA Code'), full details of which are available at www.fadel.com. Below are the ten QCA Code Principles and how they have been applied to the Company.

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

The Company communicated its purpose, strategy and business model in the Company's Admission Document created and published in connection with the Company's IPO and related admission to AIM in April 2023. This strategy and business model has been further reiterated within this Annual Report on pages 15 and 16. The Board believes that the current strategy of the Company will lead to an increase in shareholder value through the focus on:

- Growing ARR through investment in sales and effective marketing; and
- Continuing innovation through R&D expenditure on current and new products.

Following Admission to AIM and the associated fundraising, the Group has invested in the above-mentioned items. These continuing investments will mean the Group remains loss making in the short-term while waiting for recongized revenue to grow. These expenditures are also expected to yield long-term benefits such as an increased market share in a competitive marketplace, making its product offering more attractive to potential customers and building a business that is resilient to macro-economic shifts.

Principal risks facing the Group were also set out in the Admission Document and detailed further on pages 31 - 33. The Board periodically discusses and reviews these risks and identifies and deploys mitigation steps to manage these risks of the business.

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

The Board are committed to open and continuing engagement with the Company's shareholders. There are four main ways in which the Company communicates with its shareholders:

- The Company's Investors website;
- The Annual General Meetings ("AGM");
- The Annual Report; and
- The half-year and full-year results announcements, and other trading updates (where required and appropriate), and
- The Chair and SID making themselves available for meetings with institutional shareholders

The Company's Chief Executive Officer and Chief Financial Officer oversee investor relations with shareholders, prospective investors, analysts and the various regulators. We do this via investor roadshows and retail forums, attending and presenting at investor conferences, meeting with independent investment analysts, regular reporting processes and at our Annual General Meeting. The Board is kept informed of the views and concerns of major shareholders by briefings from the CEO and CFO. Any internal communications, with internal shareholders and option holders, are handled with input from HR and the senior management team.

We are committed to listening and communicating with shareholders to ensure that our purpose, strategy, business model and performance are clearly understood. We maintain an active corporate website (<https://fadel.com/>) and post regular updates on various social media platforms (LinkedIn, Twitter, Facebook) to inform stakeholders of business updates and key events. These updates also include the required financial reporting and market updates for significant events. The Company's senior management team speak on a weekly basis, with the Chief Executive Officer and Chief Financial Officer speaking with the NOMAD on at least a bi-weekly basis to share internal developments, ideas and other matters should they arise.

As mentioned above, the AGM is one forum for dialogue with shareholders and the Board. The Notice of Meeting will be sent to shareholders at least 14 days before the AGM. The results of the AGM will subsequently be published on the Company's website.

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

The Board recognises that its long-term success comes from the continuing efforts of employees, customers, contractors, suppliers, partners, vendors and other stakeholders. Engaging effectively with them all strengthens those relationships and helps us meet our commitments. The Directors and the Group maintain an ongoing dialogue with these various stakeholders through the channels highlighted in principle [2] above. The Board is regularly updated on broader stakeholder engagement to stay up to date with stakeholder insights into the issues that matter most to them and our business, thus enabling the Board to understand and consider these issues in decision-making.

FADEL is a socially responsible business and has a positive impact on the communities in which it operates. Our geographic working location spread, and business model, facilitates the identification of shared challenges, and opportunities and ideas, whilst also identifying the key resources and relationships to drive the business forward and achieve its goals.

We welcome, and listen to, feedback from employees and all employees have the opportunity to progress and develop their capabilities and careers. We have a diverse workforce of colleagues of many nationalities, thus making communication and feedback crucial development tools within the Group.

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

Financial Controls

The Company's Audit, Risk and Sustainability Committee comprises Sally Tilleray (Chair) and Simon Wilson. The Audit, Risk and Sustainability Committee meets as often as required and at least three times a year. The Audit, Risk and Sustainability Committee main functions are:

- Internal control and risk assessment;
- Review and appointment of third-party services providers;

- Monitoring the integrity of the financial statements of the Group, both the annual and interim accounts, and any other formal announcements in relation to financial performance; and
- Review of the policies in place in regard to sustainability and ESG.

The Audit, Risk and Sustainability Committee considers the nature, scope and results of the external auditors work, whilst also reviewing any non-audit services provided by the external auditors where appropriate. The ultimate responsibility for reviewing and approving the annual report and accounts remain with the Board.

The Chair of the Audit, Risk and Sustainability Committee is reviewing on an annual basis, and the membership of the Audit, Risk and Sustainability Committee and its terms of reference are kept under review.

Standards and policies

Principal risks facing the Group and the industry in which it operates were set out in the Admission Document. These risks are reviewed at least once a year and are detailed on pages 31 - 33. The Company operates a risk register that is managed by the Chief Financial Officer which is reviewed by the Board at least once a year but on a more regular basis by the Audit, Risk and Sustainability Committee, and the Chief Financial Officer.

Our Audit, Risk and Sustainability Committee meets at least three times a year and its duties and responsibilities are detailed on page 47 and 48. The Audit, Risk and Sustainability Committee reports to the Board who define and set out the policies in communicated procedures, and these are reviewed and revised each year to ensure consistency in application throughout the business.

As a result of the application of these policies, alongside the identification of any risks in connection with the annual audit, there have been no material issues raised during the year under review, other than ordinary operational matters.

On Admission, the Company formally adopted a social media policy which sets out to minimise the risks to the Company through the use of social media by all Directors, employees and vendors. This policy covers both the use of social media for business use and personal use, and a wide variety of social media sites, from social networking sites such as Twitter, to the Company website. Other key policies implemented include but are not limited to anti-bribery, share dealing code, material contract reviews.

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

The Board has been constructed to ensure that there is the appropriate balance of knowledge of the business, independence and experience. The Board is currently, as of April 30, 2025, made up of the Non-Executive Chairperson, two Non-Executive Directors and two Executive Directors, as detailed on pages 42 and 43. Notwithstanding the fact that the Board now considers Joe Gruttadauria to be no longer independent for so long as he retains his additional responsibilities in the sales organization, and therefore there being fewer independent than non-independent directors. However, the Board continues to believe it has maintained an appropriate balance of independence and experience. This has been supported by Sally Tilleray assuming Chair of the Remunerations Committee from Joe Gruttadauria, and Simon Wilson joining both the Audit, Risk & Sustainability and Remuneration Committees.

The Board meets at least six times each year with eight meetings occurring in the 12 months ended 31 December 2024. The higher than minimum number of meetings is expected to continue in 2025. Processes are in place to ensure that each Director, at all times, is provided with such information as is necessary to enable them to discharge their duties.

The Board is supported by the Audit, Risk and Sustainability Committee, and the Remuneration and Nominations Committee. Each committee has a terms of reference, on which additional details on these committees can be found on page 46, including how many times a year they are scheduled to meet. During 2024, to help and support the Board, Amati Global Investors Limited as the appointed Investment Manager of Amati AIM VCT plc held a Board Observer seat to attend all of its meetings in a non-voting capacity. While this contribution has been very helpful since the time of the Company's IPO, this Observer seat will not be refilled following the resignation of Paul Jourdon on April 30th, 2025.

Key Board activities in the coming year will include reviewing of the progress made towards the Group's goal/mission and continued monitoring of the Group's development goals following the AIM IPO. In addition to these two main goals, the Board will:

- Review feedback from shareholders post full and half-year results;
- Discuss internal governance processes;
- Review the Company's risk profile, with input from the Audit, Risk and Sustainability Committee;
- Discuss strategic priorities, including product updates and potential new markets; and
- Review and discuss the sustainability/ESG policy in place, including a review of the internal culture of the Group.

The Board regularly asks Directors to confirm that they have no conflicts of interest and that they are independent. The Company is satisfied that the current Board is sufficiently resourced to discharge its governance obligations on behalf of all stakeholders.

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

The Non-Executive Chair leads the Board, and the ultimate responsibility for the Company's governance structures and their effectiveness resides with the Non-Executive Chair. The Non-Executive Directors bring independence and objectivity to the Board's deliberations, while the Executive Directors are responsible for managing the day-to-day operations of the business and delivering its strategic objectives.

In January 2025, the Board implemented a reorganization to enhance its alignment with the Group's operational focus and growth strategy. As part of this, Joe Gruttadauria, one of the Company's Non-Executive Directors, assumed the additional role of Interim Head of Sales. In this capacity, he is working closely with the sales team and the CEO to support new business development. Joe brings significant enterprise B2B sales leadership experience within the software sector, which the Board views as highly complementary to the Company's commercial objectives.

While Joe continues to serve as a Non-Executive Director, the assumption of this operational role means he is no longer classified as an independent director under applicable corporate governance guidelines. As a result, Sally Tilleray has been appointed Chair of the Remuneration Committee, in addition to her existing role as Chair of the Audit Committee. To further support effective governance, the Non-Executive Chair, Simon Wilson, has joined both committees as a member.

The Board is confident that the current composition offers an appropriate balance of experience, skills, and perspectives for the Group's size and strategic direction. The Directors' qualifications are summarised on pages 42 and 43, and reflect strengths across sector knowledge, financial management, and operational execution. This is further supported by access to training and external advice as needed.

All Directors are encouraged to remain current on regulatory and governance developments through regular update sessions and briefings. Independent professional advice is available to all Directors at the

Company's expense, with prior Board approval, and the Company Secretary remains available to support all governance matters.

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

The Company went public during its fiscal year 2023 and the Board conducted its first formal evaluation of effectiveness during FY24. Simon Wilson, the newly appointed director and Chairman in July 2024, conducted the evaluation using a mixed methodology of direct one-on-one conversations, frank and open group discussions among all board directors together, and by receiving feedback from the Company's key shareholders and NOMAD. The exercise was designed to evaluate the effectiveness of the operation of the board as a whole; the board's individual committees; as well as the contributions of each individual director. The objective of these assessments is to enable the board, its committees and its directors to set out down a path of continuous and incremental improvement of our governance at all levels. As part of the goal for continuous improvement, the evaluation of board effectiveness will be an on-going periodic assessment process.

The broad conclusions of this initial evaluation were that there were several areas where improvements in effectiveness could be made. The Board acknowledged that its work naturally changes when the Company becomes public and also changes over time in the face of end user market evolution, growth and increasing complexity of the business. For example, in terms of the organisation of board meetings, there was a need to refocus and balance agenda topics, increase attention to forward looking and strategic matters, public communications, deepening of non-executive directors' operating knowledge of the business, and expansion of committee work. It was also acknowledged that the Board was too large relative to the size and scale of the business.

Examples of action already taken by the Board during FY24 as a result of this evaluation process include: more frequent and shorter meetings, deep dive subject matter presentations by a variety of senior management, regularly scheduled closed board sessions where the non-executive directors can discuss matters openly without management present, more extensive and scheduled committee activities, increased use of outside advisors, rationalization of information provided by management to the Board, and active and timely assessment of the effectiveness of each individual board and committee meeting. Following the fiscal year end the size of the Board was reduced from 6 to 5, when Ken West retired from the Board after 10 years of valued service.

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

The Board has set out and promotes a corporate culture based on sound ethical values and behaviour, which they believe are essential in engaging with all stakeholders. The Company promotes its corporate culture based on its five core values:

1. Passion
2. Innovation
3. Respect
4. Trust
5. Integrity

The Company embeds all of the above core values in everything it does, including annual staff training and development conversations. The Board takes responsibility for the promotion of the above-mentioned core values, alongside ethical values and behaviours throughout the Group. Employees have access to the policies that promote this culture through the employee handbook, and the annual training/updates required on these items.

The Group's purpose, strategy and business model is based on its award-winning enterprise-ready cloud software built over the last sixteen years with a products suite that provides solutions for content and IP creators (licensors) and content and IP users (licensees), built on a highly scalable architecture. Its customers have complex needs, which our IPM software helps manage and process complex contracts and licensing requirements. Our Brand Vision software helps marketers and licensees accelerate their digital strategy to manage large volumes of content and associated usage rights. The Group has a customer-centric approach, with a significant amount of product development taking place continuously in collaboration with customers ensuring current market relevance.

The Board has a zero-tolerance approach to bribery, corruption, bullying, harassment, and dishonesty. This commitment is communicated clearly to all employees through training and communication, and specific policies that employee are made to sign on an annual basis.

The Board also looks beyond its stakeholders to ensure the Company and its Group entities make a meaningful contribution society as a whole. During the year ended 31 December 2024, the Company made \$5k in donations across charitable organisations in, the US, UK, France and Lebanon. The Company is also taking steps to reduce its carbon footprint, through less printing of Company documents, only making necessary business trips and making use of video conferencing solutions where possible.

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

The Board will meet at least 6 times each year in accordance with a scheduled meetings calendar. Prior to the start of the financial year, the dates of that year's Board meetings are circulated to all Board members. This is compiled to focus on the Company's financial calendar while also ensuring all the remaining meeting still take place, as and when required.

The Board and its Committees receive an agenda for each meeting, alongside the appropriate information prior to each meeting. These papers are generally distributed at least [two-three] days before the meetings take place. The Board meetings involve open conversation and any Director is given the opportunity to voice any concerns. Any specific actions required after the Board meetings are noted in the minutes, and are agreed upon by the Board, and/or the relevant Committee. Where management input is required this is requested on a case by case basis.

The Board is ultimately responsible for the long-term success of the Company, and its Group entities. As part of the Company's admission to AIM the Board formally adopted a schedule of matters reserved for the Board. The Board is responsible for:

- Overall Group strategy;
- Structure and capital;
- Financial reporting and controls;
- Approval of the annual and interim results;
- Annual budgets and forecasts; and
- Board structure

The Board, alongside its Committee's and Management, continually monitors the business risks and reviews the annual budgets and the performance in relation to those budgets. The Non-Executive Directors (including the Chair) are responsible for bringing independence and objectivity to decisions whilst the Executive Directors are responsible for the day-to-day operations of the business, and delivering the strategic aims.

The Board is supported by the Audit, Risk and Sustainability Committee, and the Remuneration and Nominations Committee. Each committee has a terms of reference, on which additional details on these committees can be found on page 46, including how many times a year they are scheduled to meet. Each committee has access to such resources, information, and advice as it deems necessary, at the cost of the Company, to enable the committee to discharge its duties with prior Board agreement.

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

The Company communicates with its shareholders mainly through the following four channels:

- The Company's Investors website;
- The Annual General Meetings;
- The Annual Report;
- The half-year and full-year results announcements, and other trading updates (where required and appropriate); and
- The Chair and SID making themselves available for meetings with institutional shareholders

A range of corporate information (including all Company announcements and presentations) is also available to shareholders, investors, and the public on the Company's corporate website (<https://investors.fadel.com/>). The Company's website is updated frequently with information regarding the Group's activities and performance. This includes the Company's reports, presentations, notices of AGM's and results of voting.

In addition, analysts' notes and brokers' briefings are reviewed to achieve a wide understanding of investors' views. The Company communicates with institutional investors frequently through briefings with management. As applicable The Company will also communicate to individual investors and private client brokers through a dedicated email address, investor roadshows and presentations at investor conferences.

Annual General Meeting

FADEL's Annual General Meeting will be scheduled to be held in September 2025, with the formal date and details to be announced in the Notice of Meeting in advance of the event.



Simon Wilson

Chair, Board of Directors

30 April 2025

THE BOARD OF DIRECTORS



Simon Wilson

Non-Executive Chair

Simon has over 20 years of experience in board and advisory roles with British and American B2B software companies. He is a seasoned executive, specializing in guiding both listed and growth equity-backed technology companies. He has extensive knowledge of AIM and broad expertise across the technology sector, having held board positions at U.K.-listed companies such as SurfControl plc, Endace Limited, and PCI-PAL plc. Simon has also held advisory, board and Chair positions at many international software companies including The Innovation Group (USA), Workshare, M86 Security, Uberflip and Rootstock. He currently serves as Chair on the boards of PCI-PAL plc (UK), and as Independent NED at Hazelcast (USA).



Tarek Fadel

Executive Director, Chief Executive Officer

Tarek founded FADEL in 2003, he is responsible for driving its long-term strategic plan as well as overseeing the day-to-day management of the Group. He has more than 27 years of experience building, selling and implementing enterprise software applications. He served at Cambridge Technology Group between 1995 and 1997, before spending 6 years with Oracle Corporation, a cloud technology company, where he managed a consulting practice for Oracle responsible for the success of several large ERP and E-Commerce client implementations and held the position of Director of Product Management releasing several Oracle CRM products. Tarek graduated from the Lebanese American University in Computer Science, has a Bachelor of Science in Computer and Information Science from The City University of New York and an Executive MBA from Columbia Business School and holds a technology patent for his work on Method and Apparatus for e-Commerce Integration Architecture and Process.



Ian Flaherty

Executive Director, Chief Financial Officer

Ian, who is a Certified Public Accountant, joined FADEL in February 2024. Ian began his career at Ernst & Young, where he worked in the auditing division from 2008 to 2013 for a range of clients including Fortune 200 companies. Following this he spent two years as Director of Accounting at Cross Country Infrastructure Services Inc., where he oversaw operations and contributed to the organisation's growth from \$30 million to \$100 million. Ian acted as Director of Revenue Recognition at Everyday Health Inc. for one year. He then served as divisional CFO for Streaming and Digital at Endeavour for five years and most recently as CFO of Logic Manager Inc., where he spent the last two years. Ian holds a Bachelor's degree from Hofstra University, where he majored in Business Administration with a minor in Business Computer Information Systems.



Sally Tilleray

Senior Independent Non-Executive Director

Sally is a qualified accountant (Chartered Institute of Management Accountants - CIMA) and an experienced UK public company director. She has served as Group Chief Operating Officer and Group Chief Financial Officer at Huntsworth plc, the international public relations and healthcare communications group, from 2004 to 2014. She is senior independent Non-Executive Director of Mind Gym plc, an international behavioural science company delivering business improvement solutions to companies across the world, which she joined at the time of its AIM listing in 2018, Non-Executive Director of NAHL plc, the consumer legal-focused marketing and services business since 2019 and Non-Executive Director of Skillcast Group plc, provider of e-learning software and content subscriptions and related professional services, which she joined at the time of its AIM listing in 2021. She has been Non-Executive Chair of digital experience agency, UNRVLD since 2020 and senior independent Non-Executive Director of Nominet UK, the domain name registry which runs .UK – part of the UK’s critical national infrastructure since 2022.



Joe Gruttadauria

Non-Executive Director

Joe is experienced in building and managing sales teams. He currently serves as Chief Revenue Officer for ERP Maestro, a technology company focused on providing access security and compliance software for companies running SAP. Prior to joining ERP Maestro, he led strategic sales initiatives for Qstream and San Jose-based Clarity Consultants. He has held executive leadership roles for several successful enterprise software firms including Peoplefluent, Softscape and Centra Software, as well as senior sales, service, and business development positions at Oracle and SAP. Joe graduated from The State University of New York at Fredonia in Business and has an MBA from the Rochester Institute of Technology in Finance.

DIRECTORS' REPORT

The Directors present their report together with the audited Group and Company financial statements for the year ended 31 December 2024.

Annual General Meeting

FADEL's Annual General Meeting will be scheduled to be held in September 2025, with the formal date and details to be announced in the Notice of Meeting in advance of the event.

Results and Dividends

The Group's net loss after taxes for the year was \$5.8 million (2022: Net Loss \$1.5 million). The Directors do not recommend the payment of a dividend (2023: Nil).

Going Concern

The Directors have assessed the Group's financial position and performance for the year ended 31 December 2024 and have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least 12 months.

As at 31 December 2024, the Group held \$2.6 million in cash and cash equivalents and maintained access to a further \$1.0 million in undrawn credit facilities. While the Group reported a net loss for the year, it continues to grow its Annual Recurring Revenue (ARR), which increased approximately 10% year over year, and maintains strong visibility into future contracted revenues.

In Q4 2024, the Group completed a comprehensive operational review which resulted in a series of targeted cost reduction and organizational efficiency measures. These actions are expected to generate over \$1.5 million in annualized cost savings while maintaining support for revenue growth and service quality. The resulting leaner operating structure extends the Group's cash runway and strengthens its path toward cash flow breakeven.

Taking into account the Group's current cash position, cost base, access to additional liquidity, and recurring revenue growth, the Directors consider that the Group is well positioned to meet its obligations as they fall due for a period of at least twelve months from the date of approval of these financial statements. Accordingly, the Directors have adopted the going concern basis of accounting in preparing the Consolidated Financial Statements.

Financial Instruments

The Group's principal financial instruments comprise cash balances, short-term deposits and receivables or payables that arise through the normal course of business. The Group does not have any derivative financial instruments.

Board Committees

Information on the Audit, Risk and Sustainability Committee and the Remuneration and Nominations Committee is included in the Corporate Governance section on pages 47.

Disclosure of Information to the Auditors

Each of the Directors at the date of approval of this report confirms that:

1. So far as the Director is aware, there is no relevant audit information of which the Group's auditors are unaware; and

- Each Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

(Although this confirmation is not required for the Company as it is incorporated and registered in the State of Delaware, it is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006).

Directors' Third-Party Indemnity Provisions

During the year and to the date of approval of the financial statements, the Group maintained indemnity insurance for its Directors and Officers against liability in respect of proceedings brought by third parties.

Employees

The business depends upon maintaining a highly qualified and well-motivated workforce and every effort is made to achieve a common awareness of the financial and economic factors affecting performance. The Group is committed to being an equal opportunities employer and engages employees with a broad range of skills and backgrounds.

Independent Auditors

A resolution to reappoint Crowe U.K. LLP as Auditors will be proposed at the forthcoming Annual General Meeting at a fee to be agreed in due course by the Audit, Risk and Sustainability Committee and the Directors.

Nominated Adviser & Broker

The Group's Nominated Adviser and Broker is Cavendish Capital Markets Limited (f.k.a finnCap Limited).

Share Capital

At 31 December 2024, 20,231,250 (2023: 20,231,250) ordinary shares of \$0.001 each were issued and fully paid. Each ordinary share carries one vote.

Significant Shareholders

Shareholders	
Impact Fund	28.7%
Tarek Fadel	20.0%
Amati AIM VCT plc	10.3%
Ziad Fadel	9.9%
Canaccord Genuity Limited	7.9%
BBEF (HOLDING) SAL	5.3%
NICOLAS JABBOUR	4.0%
Rathbone Investment Management Ltd	3.4%

Up to date details and changes of significant shareholders are contained on the Company's website at (www.investors.fadel.com).

On behalf of the Board



Ian Flaherty

Chief Financial Officer

April 30, 2025

BOARD COMMITTEES

The Company has established two Committees of the Board as follows:

- Audit, Risk and Sustainability Committee
- Remuneration and Nominations Committee

Each committee has formally delegated duties and responsibilities with written terms of reference.

As of the date of this report, the Audit, Risk and Sustainability Committee consists of Sally Tilleray (Chair) and Simon Wilson and meets formally at least three times each year and at such other times as required.

As of the date of this report the Remuneration and Nomination Committee consists of Salley Tilleray (Chair), Simon Wilson and Joe Gruttadauria and meets at least twice annually and otherwise as required.

Environmental, Social and Corporate Governance Policy

The Company recognises the importance of doing business responsibly and reducing any adverse impacts of its operations on people, the climate and the environment, and we encourage those with whom it does business to adopt the same values.

However, the matter has been discussed, and given the present size and stage of development of the Group it was considered inappropriate to establish a separate committee for Environmental, Social and Governance purposes and that this decision would be reviewed as part of its annual review process.

When approaching the conduct of its business and operations, the Company always considers takes action on its commitment to sustainable resources, eliminating waste, enhancement of employee wellbeing, commitment to people, equal opportunities, supporting initiatives that contribute to charities and operating ethically across the various jurisdictions in which it does business and employs people.

Board and Committee Attendance in 2024

	Board		Audit, Risk and Sustainability Committee		Remuneration and Nominations Committee	
	Number of meetings	Attended	Number of meetings	Attended	Number of meetings	Attended
Non-Executive Directors						
Simon Wilson ⁽¹⁾	4	4	2	2	-	-
Kenneth West	8	8	5	5	2	2
Sally Tilleray	8	8	5	5	2	2
Joe Gruttadauria	8	8	5	5	1	1
Executive Directors						
Tarek Fadel	8	8	5	4	-	-
Ian Flaherty ⁽²⁾	6	6	4	4	-	-
Vicary Gibbs ⁽³⁾	2	2	1	1	-	-

(1) Simon Wilson was appointed to the Board of Directors as Chair on July 1, 2024.

(2) Ian Flaherty was appointed to the Board of Directors on 26 February 2024.

(3) Vicary Gibbs resigned from the Board of Directors with effect from 13 February 2024.

AUDIT, RISK AND SUSTAINABILITY COMMITTEE REPORT

“I am pleased to present this report of the Audit, Risk and Sustainability Committee for the year 2024”



The composition and responsibilities of the Audit, Risk and Sustainability Committee (the “Committee”) are set out on page 46 of this Annual Report. The Chief Executive Officer, Chief Financial Officer, and representatives of the Company’s external auditors attend meetings by invitation, as appropriate.

The Committee was formed in connection with the Company’s IPO in April 2023. During the year ended 31 December 2024, the Committee held five formal meetings, in addition to a number of informal discussions, to support timely oversight of audit, risk, and compliance matters.

All Committee members attended each formal meeting. Throughout the year, Tarek Fadel (Chief Executive Officer) and Ian Flaherty (Chief Financial Officer), and previously Vicary Gibbs during his tenure as CFO, made themselves available to the Committee to provide insight into the Company’s financial processes, internal controls, and risk management practices. The Committee also engaged directly with the Company’s external auditors, Crowe U.K. LLP and LMC LLP, as required.

Activities During the Year

The Committee reviewed and updated its terms of reference in December 2024, which were approved by the Board and are published on the Company’s website.

The Committee works on a planned programme of activities focused on key events in the annual financial reporting cycle and other matters that are included in its terms of reference. It provides oversight and guidance to contribute to the ongoing good governance of the business, particularly by assuring that shareholders’ interests are being properly protected by appropriate financial management, reporting and internal controls.

The committee reviewed the groups revenue recognition policy, the annual impairment review of goodwill and the appropriateness of the groups tax provisions.

Financial Reporting

The Committee reviewed the half-year and annual financial statements. As part of this review, the Committee discussed the financial statements with the external auditor and management and considers the appropriateness of the accounting principles, the reasonableness of significant accounting judgements and the clarity of disclosures in the financial statements. The Committee reviewed and challenged the external auditor’s report on these matters.

The Committee also considered management’s assessment of going concern concerning the Group’s cash position and commitments for the next 12 months.

In fulfilling its responsibility for monitoring the integrity of financial reports to shareholders, the Committee gave due consideration as to whether the Annual Report and Accounts are fair, balanced and understandable.

External Auditors

The Committee oversees the relationship with the external auditors and monitors all their services and fees payable to them. The Committee considers various matters when reviewing the ongoing appointment of an external auditor, including their performance in conducting the audit and its scope and planning, terms of engagement including remuneration, and their independence and objectivity.

LMC the Company's component auditor and Crowe U.K. the Company's auditor were reappointed as external auditors at the Company's Annual General Meeting in September 2024. The Audit and Risk Committee has confirmed it is satisfied with LMC and Crowe U.K.'s knowledge of the Company and their effectiveness as an external auditor. As such, the Audit and Risk Committee has recommended the reappointment of LMC and Crowe U.K. LLP to the Board, and there will be a resolution to this effect at the forthcoming Annual General Meeting.

Risk Management and Internal Controls

The Committee has oversight of the internal financial controls and risk management systems. During the year, the Committee reviewed the principal risks and the risk register and reviewed the updated Group's Financial Position and Prospects Board Memorandum, including the delegation of authority

It reviewed the Group's insurance policies and reviewed the requirement for an internal audit function and determined this was not deemed necessary due to the relatively small size of the Group.

Annual General Meeting

As Chair of the Committee, I will be attending the forthcoming Annual General Meeting of the Company and will be pleased to respond to shareholder questions on the Committee's activities



Sally Tilleray

Chair - Audit, Risk and Sustainability Committee

30 April 2025

REMUNERATION AND NOMINATION COMMITTEE REPORT

“I am pleased to present this report of the Remuneration and Nomination Committee for 2024”



The composition of the Remuneration and Nominations Committee (“the Committee”) evolved during the year. Ken West served as Chair until July 2024, at which point Joe Gruttadauria was appointed Chair, with Ken remaining on the Committee. Joe continued to serve as Chair until January 2025, when Ken West stepped down from the Board. Following his departure, Sally Tilleray was appointed Chair, with Joe remaining as a member and Simon Wilson joining the Committee.

The number of formal meetings held during the year and members’ attendance records are disclosed on page 46. In addition to its formal meetings, the Committee held a number of informal discussions to support timely decision-making on remuneration and governance matters. The Board and Committee are satisfied that all responsibilities were appropriately fulfilled in accordance with the Committee’s Terms of Reference.

Remuneration policy

The Committee reviews the performance of the Executive Directors and determines their terms and conditions of service, taking into account the interests of shareholders and identifies and nominates, for the approval of the Board, candidates to fill Board vacancies when they arise.

The Committee ensures that remuneration is set at an appropriate level for the Group and its operations based on the following principles:

- Remuneration levels support the Group strategy
- There is an appropriate link between performance and reward
- Directors, senior management and shareholder interests are aligned
- Long-term incentives are linked to shareholder returns
- Recruitment, retention and motivation of individuals is linked with skills, capabilities and experience to achieve Group objectives
- Good teamwork is ever present, enabling all employees to share in the success of the business

No Director is present for discussions concerning their own remuneration. The Non-Executive Directors do not have any personal interest in the matters decided by the Committee or have any potential conflicts of interest or day-to-day involvement in Company operations. Non-Executive Directors receive an annual fee as remuneration and remuneration packages for Executive Directors, senior management and employees are based on 4 elements:

- Basic salary or fees
- Benefits in kind
- Discretionary annual bonus
- Share option awards - A long-term incentive plan (originally the Fadel Partners, Inc. 2014 Equity Incentive Plan), replaced by the Fadel Partners, Inc. 2023 Equity Incentive Plan at IPO.

Basic salary and benefits in kind

Basic salaries and any benefits for Executive Directors are determined by the Committee at the end of each year with any changes taking effect from Q2 of the following year. Salaries are reviewed and adjusted taking into account individual performance, market factors and sector conditions together with recommendations and information from independent sources on rates of salaries for similar roles and responsibilities.

In recognition of overall business performance and in alignment with shareholder interests, the Chief Executive Officer did not receive a salary increase for 2025. Additionally, the fees payable to Non-Executive Directors have remained unchanged since the Company's IPO in April 2023. The Committee believes this reflects an appropriate and disciplined approach to remuneration in the current environment.

Discretionary Annual Bonus

Bonuses are awarded based on a combination of business performance and individual achievement, taking into account the overall effect on the Company's progress against its strategic and financial objectives. Amounts shown in the Directors' emoluments tables below represent payments made to Directors during each financial year, but principally relate to performance achieved during the preceding financial year.

For the financial year ended 31 December 2024, the Committee assessed performance against pre-agreed financial and operational targets. As only a portion of these performance metrics were achieved, bonus awards relating to FY24 (and paid during FY25) were substantially lower than target levels. The Committee believes this outcome appropriately reflects performance for the year and maintains alignment between management incentives and shareholder value creation.

Share based compensation

FY24	Share option schemes	Option Term	Opening amount at 1 Jan 2024	Granted during year	Lapsed / exercised during the year	Closing amount at 31 Dec 2024
Executive Directors						
Tarek Fadel	2023 Equity Incentive Plan	10 years	798,720	-	-	798,720
Ian Flaherty ⁽¹⁾	2023 Equity Incentive Plan	10 years	-	252,890	-	252,890
Non-Executive Directors						
Simon Wilson			-	-	-	-
Ken West	2014 Equity Incentive Plan	10 years	54,012	-	-	54,012
Sally Tilleray	2023 Equity Incentive Plan	10 years	10,000	-	-	10,000
George Kadifa ⁽²⁾	2014 Equity Incentive Plan	10 years	32,407	-	(32,407)	-
Joe Gruttadauria	2014 Equity Incentive Plan	10 years	54,012	-	-	54,012

(1) Ian Flaherty was appointed to the Board on 26 February 2024.

(2) George Kadifa resigned with effect from 30 November 2023, with his options expiring 90 days after resignation.

FY23	Share option schemes	Option Term	Opening amount at 1 Jan 2024	Granted during year	Lapsed / exercised during the year	Closing amount at 31 Dec 2024
Executive Directors						
Tarek Fadel	2023 Equity Incentive Plan	10 years	-	798,720	-	798,720
Ian Flaherty ⁽¹⁾	2023 Equity Incentive Plan	10 years	-	-	-	-
Vicary Gibbs ⁽²⁾	2023 Equity Incentive Plan	10 years	-	292,705	(292,705)	-
Non-Executive Directors						
Ken West	2014 Equity Incentive Plan	10 years	54,012	-	-	54,012
Sally Tilleray ⁽³⁾	2023 Equity Incentive Plan	10 years	-	10,000	-	10,000
George Kadifa ⁽⁴⁾	2014 Equity Incentive Plan	10 years	32,407	-	-	32,407
Joe Gruttadauria	2014 Equity Incentive Plan	10 years	54,012	-	-	54,012

(1) Ian Flaherty was appointed to the Board on 26 February 2024.

(2) Vicary Gibbs resigned from the Board of Directors with effect from 13 February 2024.

(3) Sally Tilleray joined the Board on 2 April 2023.

(4) George Kadifa resigned with effect from 30 November 2023, with his options expiring 90 days after resignation.

Directors' emoluments

FY24	Salary or fees and benefits	Cash bonus ⁽⁶⁾	Stock-based compensation ⁽⁷⁾	Pension contributions	Total
Executive Directors					
Tarek Fadel	\$518,434	\$232,031	\$163,774	\$9,627	\$923,866
Ian Flaherty ⁽¹⁾	\$287,682	-	\$35,397	\$10,008	\$333,087
Vicary Gibbs ⁽²⁾	£145,635	£42,625	-	£4,205	£190,465
Non-Executive Directors					
Simon Wilson ⁽³⁾	\$45,000	-	-	-	\$45,000
Sally Tilleray	£45,000	-	£1,545	-	£45,545
Joe Gruttadauria ⁽⁴⁾	£40,000	-	-	-	£40,000
Ken West ⁽⁵⁾	£50,000	-	-	-	£50,000

(1) Ian Flaherty was appointed to the Board on 26 February 2024.

(2) Vicary Gibbs resigned from the Board of Directors with effect from 13 February 2024.

(3) Simon Wilson was appointed as the Chairman of the board on July 1, 2024.

(4) In January 2025, Joe Gruttadauria has, in addition to his board duties, taken on the operating role of Interim Head of Sales to work directly with sales team and Tarek Fadel to drive new business growth. As a result of this additional role, Joe is no longer deemed to be an independent director.

(5) Ken West stepped down from his role as Chair on June 30, 2024, but remained on the board as a Non-Executive Director until his resignation of the 31st of January 2025.

(6) Represent payments made to Directors during each financial year but principally relate to performance achieved during the preceding financial year.

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



Sally Tilleray

Chair - Remuneration and Nominations Committee

30 April 2025

STATEMENT OF DIRECTORS' RESPONSIBILITIES REPORT

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

The Company is a United States of America corporation incorporated under the laws of the State of Delaware, which does not require the Directors to prepare financial statements for each financial year. However, the Group is required to do so to satisfy the requirements of the AIM Rules for Companies. When preparing the financial statements, the Directors are required to prepare the Group financial statements in accordance with an appropriate set of generally accepted accounting principles or practice. The Directors have elected to use generally accepted in the United States of America ("US GAAP") in the preparation of the financial statements. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable GAAS standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

The Directors are responsible for keeping adequate accounting records that correctly explain the transactions of the Company, enable the financial position of the Company to be determined with reasonable accuracy at any time and allow financial statements to be prepared. 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Information published on the website is accessible in many countries and legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. The Directors' responsibility also extends to the continued integrity of the financial statements.

This Directors' Report was approved and signed on behalf of the Board.



Tarek Fadel
Chief Executive Officer
30 April 2025

FINANCIAL STATEMENT

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FADEL PARTNERS, INC

Opinion

We have audited the consolidated financial statements of Fadel Partners, Inc (the "Company") and its subsidiaries (the Group) for the year ended 31 December 2024, which comprise:

- the consolidated statement of comprehensive income for the year to 31 December 2024;
- the consolidated statement of financial position as at 31 December 2024;
- the consolidated statement of changes in equity; and
- the consolidated statement of cash flows for the year then ended;
- the notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is US Generally Accepted Accounting Practice ('US GAAP')

In our opinion, the financial statements:

- give a true and fair view of the Group's affairs as at 31 December 2024 and of its loss for the year then ended; and
- have been properly prepared in accordance with US GAAP.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group's ability to continue to adopt the going concern basis of accounting included obtaining the working capital projections from management, considering the appropriateness of key assumptions in comparison with historic trends and considering the ability of the Group to maintain positive cash balances in a variety of different scenarios.

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

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

Overview of our audit approach

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the Group financial statements as a whole to be \$130,000 based on c.1% of total revenue.

We use a different level of materiality of \$91,000 ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment.

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors' remuneration.

We agreed with Management to report to it all identified errors in excess of \$6,500. Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

Overview of the scope of our audit

The audit was performed on a consolidated basis with all entities within the scope of audit testing. The underlying audit work was performed by a component auditor under the direction of the group engagement team. There was regular communication with the component audit team throughout the audit process and at the conclusion of the audit. Underlying working papers were obtained and reviewed with elements of testing reperformed and agreed to source documentation by the group engagement team.

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. These matters included 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.

Revenue Recognition

The Group's revenue contracts have different recognition points, with some being over time and some being at a point in time depending on the nature of the service provided and the contractual provisions. Judgement is required in determining the correct revenue recognition point with certain contracts being material. We considered the risk that the incorrect revenue recognition point could material misstate the amount of revenue recognised. Please refer to Note 3 of the Financial Statements for further detail on Group's revenue recognition policy.

We substantively tested a sample of revenue transactions to supporting contracts, invoices and cash receipts. As part of the review of the contracts we assessed the correct revenue recognition point against the requirements of ASC 606 and compared this to management's assessment. Additionally we considered whether there was sufficient evidence to demonstrate that each of the five steps for revenue recognition set out in the standard had been met.

Other information

The directors are responsible for the other information contained within the annual report. 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, 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 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.

Responsibilities of the directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 31, 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 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 to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

- completing a risk assessment process during our planning for this audit that specifically considered the risk of fraud;
- enquiry of management about the group's policies, procedures, and related controls regarding compliance with laws and regulations and if there are any known instances of non-compliance;
- enquiry of management about litigations and claims and inspections of relevant documents;
- examining supporting documentation for material balances, transactions, and disclosures;
- specific audit testing and review of areas that could be subject to management override of controls and potential bias including testing of journal entries.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The potential effects of inherent limitations are particularly significant in the case of misstatements resulting from fraud because fraud may involve sophisticated and carefully organized schemes designed to conceal it, including deliberate failure to record transactions, collusions or intentional misrepresentations being made to us.

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 Company's members, as a body. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Crowe U.K. LLP

Crowe U.K. LLP

Chartered Accountants

London

30 April 2025

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

Continuing operations	Notes	Year ended 31 December 2023 \$	Year ended 31 December 2024 \$
License/subscription and Support		11,395,295	9,665,773
Professional services		3,091,494	3,356,428
Total revenue	4	14,486,789	13,022,201
Cost of fees and services		5,466,978	4,973,230
Gross Profit		9,019,811	8,048,971
Research and development		3,833,225	3,456,310
Selling, general and administrative expenses		7,177,068	8,552,008
Depreciation and amortisation		647,640	700,851
Net interest expense		62,550	72,583
Foreign exchange (gains) / losses		(846,035)	275,075
Other income		-	-
Total operating expenses		10,874,448	13,056,827
Loss before income taxes		(1,854,637)	(5,007,856)
Income tax (gain) / expense	5	(307,015)	818,485
Net loss after taxes		(1,547,622)	(5,826,341)
Total foreign currency (losses) / gains		(501,406)	134,999
Total comprehensive loss		(2,049,028)	(5,691,342)
<i>Net income attributable to non-controlling interest</i>		1	23
<i>Net loss attributable to the Group</i>		(1,547,623)	(5,826,364)
<i>Net loss after taxes</i>		(1,547,622)	(5,826,341)
<i>Comprehensive income attributable to non-controlling interest</i>		1	23
<i>Comprehensive loss attributable to the Group</i>		(2,049,029)	(5,691,365)
<i>Total comprehensive loss</i>		(2,049,028)	(5,691,342)
Basic and diluted loss per Share (\$)	6	(0.12)	(0.28)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

		As at 31 December 2023	As at 31 December 2024
		\$	\$
Assets	Notes		
Cash and cash equivalents		3,191,458	2,607,422
Accounts receivable, net	8	2,308,580	1,839,305
Unbilled work-in-progress		3,703,895	1,160,680
Income tax receivable	17	660,624	-
Other current assets		298,574	275,984
Current assets		10,163,131	5,883,391
Intangible assets, net	7	2,112,018	1,800,613
Goodwill	7	2,209,470	2,178,198
Furniture, equipment and purchased software	9	136,212	206,678
Contract costs	10	763,323	835,521
Deferred tax asset	5	830,778	-
Right-of-use asset	16	202,228	134,777
Non-current assets		6,254,029	5,155,787
TOTAL ASSETS		16,417,160	11,039,178
Liabilities			
Accounts payable and accrued expenses		2,299,550	2,542,049
Income tax payable	5	1,262,702	1,021,905
Deferred revenue		2,642,005	2,849,163
Notes payable – related parties	11	162,396	162,396
Current lease liability	16	67,447	74,248
Current liabilities		6,434,100	6,649,761
Provisions - end of services indemnity	15	467,225	308,824
Deferred revenue		391,090	445,799
Non-current-Lease liability	16	134,781	60,529
Non-current liabilities		993,096	815,152
Total liabilities		7,427,196	7,464,913
Shareholders' equity			
Series A-1 Preferred Shares	13	-	-
Common shares	13	20,231	20,231
Additional paid-in capital		25,317,043	25,592,686
Accumulated deficit		(16,710,650)	(22,537,014)
Cumulative translation adjustment		362,280	497,279
		8,988,904	3,573,182
Non-controlling interest		1,060	1,083
Total Shareholders' equity		8,989,964	3,574,265
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		16,417,160	11,039,178

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

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

	Preferred shares #	Preferred shares \$	Common shares #	Common shares \$	Additional paid in capital \$	Accumulated deficit \$	Cumulative translation adjustment \$	Non- controlling interest \$	Total \$
As at 31 December 2022 (audited)	7,552,309	7,552	7,082,583	7,083	15,581,802	(15,163,027)	863,686	1,059	1,298,155
Converting Preferred shares to common	(7,552,309)	(7,552)	7,552,309	7,552	-	-	-	-	-
Issuance of IPO shares	-	-	5,242,121	5,242	9,438,161	-	-	-	9,443,403
Capitalization of direct IPO costs	-	-	-	-	(808,350)	-	-	-	(808,350)
Issuance of common shares	-	-	223,289	223	401,022	-	-	-	401,245
Commission shares	-	-	90,630	91	162,039	-	-	-	162,130
Non-controlling interest	-	-	-	-	-	-	-	1	1
Adjustment of common stock	-	-	360	-	-	-	-	-	-
Exercise of warrants	-	-	39,958	40	(40)	-	-	-	-
Stock-based compensation	-	-	-	-	542,409	-	-	-	542,409
Net loss	-	-	-	-	-	(1,547,623)	-	-	(1,547,623)
Foreign exchange translation expense	-	-	-	-	-	-	(501,406)	-	(501,406)
As at 31 December 2023 (audited)	-	-	20,231,250	20,231	25,317,043	(16,710,650)	362,280	1,060	8,989,964
Non-controlling interest	-	-	-	-	-	-	-	23	23
Stock-based compensation	-	-	-	-	275,643	-	-	-	275,643
Net loss	-	-	-	-	-	(5,826,364)	-	-	(5,826,364)
Foreign exchange translation expense	-	-	-	-	-	-	134,999	-	134,999
As at 31 December 2024 (audited)	-	-	20,231,250	20,231	25,592,686	(22,537,014)	497,279	1,083	3,574,265

CONSOLIDATED STATEMENTS OF CASH FLOWS

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

	Year ended 31 December 2023	Year ended 31 December 2024
	\$	\$
Net loss after taxes	(1,547,622)	(5,826,341)
<u>Adjustments to reconcile net income to net cash used in operating activities:</u>		
Depreciation and amortisation	647,640	700,851
Non-cash stock compensation	542,409	275,643
Non-cash commission shares	162,130	-
Non-cash impact of foreign exchange on intangibles	(242,518)	71,102
<u>Changes in assets and liabilities</u>		
Accounts receivable	(445,186)	469,275
Unbilled work-in-progress	(2,774,180)	2,543,215
Income tax receivable	(660,624)	660,624
Other current assets	(84,179)	22,590
Deferred tax asset	123,933	830,778
Capitalisation of commissions	(546,048)	(474,965)
Right of use assets	(92,500)	67,451
Accounts payable and accrued expenses	(564,542)	16,647
Income tax payable	236,100	(240,797)
Deferred revenue	(302,686)	261,867
Net cash used in operating activities	(5,547,873)	(622,060)
Purchase of furniture, equipment and software	(64,328)	(96,975)
Net cash used by investing activities	(64,328)	(96,975)
Proceeds with issuance of IPO common shares	8,635,053	-
Cash received from issuance of common shares	401,245	-
Proceeds from shareholder loan	564,009	-
Repayment of shareholder loan	(401,613)	-
Proceeds from line of credit	-	300,000
Repayment of line of credit	(1,000,000)	(300,000)
Proceeds/(repayment) from related party Loan	(75,000)	-
Net cash provided by financing activities	8,123,694	-
Effect of exchange rates on cash	(501,406)	134,999
Net (decrease)/increase in cash and cash equivalents	2,010,087	(584,036)
Cash and cash equivalents, beginning of year	1,181,371	3,191,458
Cash and cash equivalents, end of year	3,191,458	2,607,422
Supplemental disclosure of cash flow information		
Cash paid for interest	72,155	59,792
Cash received from interest	22,622	3,000
Cash paid for income taxes	21,415	207,782
Conversion of preferred stock to common shares	7,552	-
Conversion of warrants to common shares	40	-
Commissions and fees paid through issuance of common shares	970,480	-

NOTES TO THE FINANCIAL STATEMENTS

1. ORGANISATION AND NATURE OF BUSINESS

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

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

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

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

2. LIQUIDITY AND FINANCIAL CONDITION

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

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

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

Use of estimates

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

Fair value measurements

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

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

- Level 1: Quoted prices in active markets for identical assets or liabilities;
- Level 2: Observable inputs other than quoted prices in active markets for identical assets and liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and
- Level 3: Inputs that are generally unobservable and typically management's estimate of assumptions that market participants would use in pricing the asset or liability.

Cash and cash equivalents

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

Concentrations of credit risk

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

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

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

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

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

Revenue recognition

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

Sources of Revenue

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

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

Recognition Criteria

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

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

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

Performance obligations and timing of revenue recognition

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

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

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

Contract Structures	Promised Goods and Services	Distinct Performance Obligations	Revenue Recognition
1- SaaS Products	- SaaS Subscriptions	SaaS subscription, support, and software updates are highly interdependent and interrelated, forming a single performance obligation.	Over Time
	- Support		
	- Software Updates		
	- Services	Services can be provided independently of the SaaS product functionality, either by the customer or other third parties.	As Delivered
2- IPM Suite: FADEL Hosted	- Software License	The software license and hosting are highly interdependent and are treated as a single performance obligation.	Over Time
	- Hosting		
	- Support / ESS	Support and ESS provide additional, but not essential, benefits separate from the software license and hosting.	Over Time
	- Software Updates	Software updates are considered separate, allowing customers to decide on implementation independently.	Over Time
	- Services	Additional services are not essential to the core functionality of the software license and hosting.	As Delivered

3 - IPM Suite: Client Hosted	- Software License	The software license is distinct since it does not depend on other FADEL-managed services.	As Delivered
	- Support / ESS	These remain separate from the software license, enhancing customer experience but not critical for core software operation.	Over Time
	- Software Updates	Clients can choose whether to implement updates, keeping this service separate from the primary software license obligation.	Over Time
	- Services	Additional services are not essential to the core functionality of the software license and hosting.	As Delivered

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

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

Costs of obtaining a revenue contract

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

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

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

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

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

Research and development costs:

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

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

Deferred revenues

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

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

Unbilled work-in-progress

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

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

Depreciation

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

Intangible assets – goodwill

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

Intangible assets other than goodwill

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

Brand assets

The Group purchased IDS in October 2021 and with it acquired a long-established and respected brand. At the time of purchase, the Group estimated the useful life of the brand assets acquired for financial reporting purposes and recognises amortisation on a straight-line basis over the useful life of the asset, typically 10 years. Purchased brand assets are reviewed for impairment at each reporting date or when

events and circumstances indicate an impairment. The Group determined that an impairment charge was not necessary during the years ended 31 December 2023 and 2024.

Customer relationships

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

Software and technology assets

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

Billed accounts receivable and concentrations of credit risk

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

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

Accounts payable and concentrations of credit risk

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

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

Unbilled work-in-progress and concentrations of credit risk

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

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

Segmental reporting

The Group reports its business activities in two areas:

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

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

Revenue concentrations

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

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

Top 5 Customers'

revenue

concentration

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

Advertising and promotion costs

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

Income taxes

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

Stock-based compensation

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

Leases

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

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

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

Foreign currency

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

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

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

Comprehensive loss

Comprehensive loss consists of two components:

- net loss; and
- other comprehensive loss.

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

Statement of cash flows

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

New Accounting Pronouncements

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

Recently Adopted Accounting Pronouncements

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

December 2022. The Company adopted this standard as of 1 January 2023, with no material impact on its consolidated financial statements.

Recently Issued Accounting Pronouncements

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

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

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

4. SEGMENTAL REPORTING

The Group reports its business activities in two areas:

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

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

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

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

5. INCOME TAXES

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

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

Provision for income taxes consisted of the following:

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

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

Effective Tax Rate Reconciliation	Audited As at 31 December 2023 \$	Tax Rate As at 31 December 2023 %	Audited As at 31 December 2024 \$	Tax Rate As at 31 December 2024 %
U.S federal income tax (benefit) at statutory rate	(490,515)	21	(1,029,060)	21
State tax (net of federal benefit)	143,385	(6)	(186,769)	4
Foreign tax rate differential	(624,689)	27	(8,785)	-
Meals and entertainment	3,343	0	-	-
GILTI income	599,441	0	459,569	(9)
Stock Compensation	-	-	57,885	(1)
Change in Valuation Allowance	-	-	(316,895)	6
True Ups	-	-	1,894,965	(39)
Research & development credit	-	-	-	-
SALT rate change	19,504	(1)	-	-
Other	42,014	(2)	(42,692)	1
Provision for/(benefit from) income taxes	(307,015)	13	828,218	(17)

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

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

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

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

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

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

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

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

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

The change in the valuation allowance is as follows:

	Beginning of the Year	Additions/ (Deductions)	Balance at the end of the year
2023			
Reserves Deducted from deferred income taxes, net:	954,941	(2,580,475)	3,535,416
Valuation Allowance	-	(2,704,638)	(2,704,638)
2024			
Reserves Deducted from deferred income taxes, net:	3,535,416	(1,147,674)	2,387,742
Valuation allowance	(2,704,468)	(316,895)	(2,387,572)

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

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

6. EARNINGS PER SHARE

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

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

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

7. BUSINESS COMBINATION

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

Fair Value of Purchase Consideration

The fair value of the purchase consideration on the acquisition date was (\$7.4 million (£5.5 million)).

Fair Value of Assets Acquired and Liabilities Assumed

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

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

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

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

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

Cost	Technology				Total
	Goodwill	Customer Relationships	Based Assets	Brand Assets	
	\$	\$	\$	\$	\$
As at 31 December 2022	2,100,432	356,956	1,857,133	358,249	4,672,770
Additions					
As at 31 December 2023	2,209,470	375,487	1,953,542	376,847	4,915,346
Additions					
As at 31 December 2024	2,178,198	370,172	1,925,890	371,513	4,845,773
Amortisation and impairment:					
As at 31 December 2022	-	45,757	238,060	45,923	329,740
Amortisation charge for the period	-	36,651	190,683	36,784	264,118
As at 31 December 2023	-	82,408	428,743	82,707	593,858
Amortisation charge for the period	-	38,234	196,635	38,235	273,104
As at 31 December 2024	-	120,642	625,378	120,942	866,962
Carrying amount:					
As at 31 December 2022	2,100,432	311,199	1,619,073	312,326	4,343,030
As at 31 December 2023	2,209,470	293,079	1,524,799	294,140	4,321,488
As at 31 December 2024	2,178,198	249,530	1,300,512	250,571	3,978,811

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

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

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

Goodwill Impairment

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

8. ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:

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

9. FURNITURE, EQUIPMENT AND PURCHASED SOFTWARE

Furniture, equipment and purchased software consist of the following:

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

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

10. CONTRACT COSTS

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

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

Contract costs consist of the following:

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

11. RELATED PARTIES

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

of 31 December 2024, the remaining balance on the Fadel Loan is \$162,396 and is repayable only as and when, following Admission (and excluding the issue of the New Shares in the Placing), the Company issues new shares at or above the placing price.

12. LINE OF CREDIT: Bank of America:

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

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

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

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

13. COMMON AND PREFERRED STOCK

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

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

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

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

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

14. STOCK OPTION PLANS

In 2014, the Directors approved the "2014 Equity Incentive Plan" with a maximum of 1,620,366 shares reserved for issuance. As applicable, the exercise price is as established between the Company and

recipient. These options vest over three or four years from date of grant. Options to acquire 961,267 shares were granted and remain outstanding as at 31 December 2023 and 793,830 remain outstanding as at 31 December 2024. Following Admission to AIM on 6 April 2023, the Company does not intend to operate the 2014 Equity Incentive Plan to grant further options, as it was superseded by the 2023 Equity Incentive Plan.

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

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

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

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

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

Options outstanding	Number of Options (in Shares)	2014 plan		Non-plan		2023 plan		Total Weighted average exercise price
		Weighted average exercise price	Number of Options (in Shares)	Weighted average exercise price	Number of Options (in Shares)	Weighted average exercise price	Number of Options (in Shares)	
As at 31 December 2023	961,267	\$1.21	576,924	\$1.78	1,186,032	\$1.81	2,724,223	\$1.59
Granted	-	\$-	-	\$-	557,920	\$1.73	557,920	\$1.73
Exercised	-	\$-	-	\$-	-	\$-	-	\$-
Forfeited or expired	(167,437)	\$1.19	-	\$-	(20,000)	\$1.73	(187,437)	\$1.25
As at 31 December 2024	793,830	\$1.19	576,924	\$1.78	1,723,952	\$1.73	3,094,706	\$1.60
Exercisable as at 31 December 2023	961,267	\$1.21	576,924	\$1.78	151,635	\$1.79	1,689,826	\$1.46
Exercisable as at 31 December 2024	793,830	\$1.21	576,924	\$1.78	475,542	\$1.81	1,846,296	\$1.54

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

15. RETIREMENT PLAN

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

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

16. LEASES

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

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

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

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

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

Lease Cost:

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

17. INCOME TAX RECEIVABLE

On 30 September 2022, a withholding tax liability of 32.5% became payable in the UK in connection with an intercompany loan of \$2,032,690 between Image Data Systems (UK) Limited (“IDS”) and Fadel UK, related to the acquisition of IDS. This resulted in a withholding tax obligation of \$660,624, which became reclaimable on the condition that the intercompany loan was repaid or cancelled by 31 December 2023. The tax was paid by IDS to HMRC on 21 June 2023. As the conditions for reclaim were met, the amount was recognized as a receivable as of 31 December 2023, and the refund of \$660,624 was received on 25 October 2024.

18. EMPLOYEE BENEFIT TRUST (THE “EBT”)

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

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

19. SUBSEQUENT EVENTS

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

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