



2025

# Interim Report

**FΔDEL** LICENSING  
RIGHTS  
ROYALTIES

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Fadel Partners, Inc. (AIM: FADL), a brand compliance and rights and royalty management software provider, provides its results for the six months ended 30 June 2025, based on unaudited management accounts.

### Financial Highlights

US Dollars (\$M)	1H25	1H24	FY24	Change % <sup>[4]</sup>
<b>Group revenue</b>	4.7	5.3	13.0	-11%
<b>License/Subscription and Support revenue</b>	3.5	3.4	9.7	4%
<b>Services revenue</b>	1.2	1.9	3.3	-35%
<b>Gross profit</b>	2.3	2.8	8.0	-17%
<b>Gross profit margin (%)</b>	49%	53%	62%	-4%
<b>Operating Expenses<sup>[1]</sup></b>	4.8	6.2	12.0	-22%
<b>Adjusted EBITDA<sup>[2]</sup></b>	(2.4)	(3.6)	(4.0)	-33%
<b>Net cash</b>	1.4	2.0	2.4	-30%
<b>ARR<sup>[3]</sup></b>	9.9	9.2	9.9	8%

<sup>[1]</sup> Operating expenses comprise research and development costs and selling, general, and administrative expenses only, and exclude depreciation and amortization, interest, foreign exchange gains/losses, and other income/expense.

<sup>[2]</sup> Earnings after capitalized commission costs and before interest, tax, depreciation, amortization, exceptional costs and share-based payments.

<sup>[3]</sup> ARR is the annual recurring revenue for all active customers at each period end for all license contracts, and a selection of subscription and support revenue that is recurring in nature.

<sup>[4]</sup> Change % compares 30 June 2024 and 30 June 2025.

## OPERATIONAL REVIEW

### Highlights

- **Full-Year Outlook:** The Board reconfirms the guidance provided on 30 July 2025. For FY 2025, revenue is expected to be in the range of \$12.0 million to \$12.9 million. The Company remains on track to achieve its full year adjusted EBITDA loss target of \$1.0 million to \$0.8 million and continues to expect year-end cash to be between \$0.5 million and \$0.9 million. The Company continues to have access to an undrawn \$1.0 million credit facility which has been renewed through May 2026.
- **Strengthening Mid-Market IPM Momentum:** FADEL's mid-market IPM segment continued to gain traction in 1H25, supported by a significantly expanded and more diverse pipeline compared to prior periods. The Company also entered several longer-cycle enterprise opportunities, with potential closings anticipated in late 2025 or early 2026, providing a foundation for medium-term ARR growth.
- **Launch of AI Business Insights for IPM Suite:** In April 2025, FADEL released AI Business Insights, a major enhancement to IPM Suite that delivers predictive analytics, natural-language dashboards, dynamic reporting, and "what-if" forecasting. Early client feedback has indicated significant efficiency gains in royalty analysis and improved decision-making for licensing and finance teams. This capability enhances customer value and platform stickiness, supporting long-term ARR expansion.
- **Upcoming Product Approvals Module:** Development of the Product Approvals module, for Licensors, remains on track, with beta release expected in September 2025 and general availability by year-end 2025. Early demonstrations have generated strong client interest, and the feature expands FADEL's addressable market by combining rights and royalties management with product approvals workflow automation.
- **Operational Efficiency and AI-Driven Productivity Gains:** Operating expenses decreased by 22% to \$4.8 million (H1 2024: \$6.2 million), with savings realised across all areas of the business. The integration of AI into FADEL's development framework has driven greater automation and streamlined workflows, delivering a 30% productivity improvement in R&D. These initiatives have maintained delivery velocity while reducing operating intensity, supporting EBITDA improvement, cash preservation, and long-term growth capacity.
- **Strategic Review Update:** The strategic review process, first referenced in the 2024 Annual Report, remains ongoing. The Company will provide an update to shareholders at the appropriate time.

These achievements demonstrate FADEL's continued focus on building a durable, high-quality recurring revenue base, driving innovation across our IPM and Brand Vision platforms, and improving operational efficiency. By combining disciplined cost management with strategic product development, we are strengthening our market position and creating a foundation for sustainable ARR growth and long-term shareholder value.

## Pipeline

The Group's pipeline continues to diversify, with net ARR growth supported by both new client acquisitions and the expansion of existing relationships. FADEL's land-and-expand strategy remains effective, particularly among high-profile enterprise clients such as L'Oréal and Philip Morris. These relationships illustrate the broad applicability of FADEL's rights management solutions across multiple industry verticals.

During the first half of 2025, pipeline conversion was impacted by broad market uncertainty, particularly surrounding US tariff discussions, which caused many prospective customers to pause or delay decision-making. This impact was most evident in our LicenSee™ and mid-market IPM target segments, where we experienced a temporary slowdown in deal closures.

Despite these delays, FADEL's pipeline continued to expand during H1-25, reflecting increasing market engagement and interest in our solutions. Encouragingly, since the start of H2, we have observed decision-making pace beginning to recover, which provides optimism for improved conversion rates and bookings in H2-25.

## Operational Efficiency and Financial Discipline

Operating expenses, defined as research and development (R&D) and selling, general, and administrative (SG&A) costs excluding depreciation and amortization, interest, foreign exchange gains/losses, and other income/expense, decreased by 22% to \$4.8 million in H1 2025 (H1 2024: \$6.2 million). The reduction reflects savings realised across all areas of the business, driven in part by the integration of AI into the Company's development framework, which has streamlined workflows, increased automation, and improved productivity. Based on these initiatives and organisational restructuring completed in H1 2025, the Company expects to achieve full-year operating expense savings of approximately \$3.0 million, representing a 25% decrease year-over-year (\$9.0 million in FY 2025 versus \$12.0 million in FY 2024), providing sustained benefit to margins and extending the Company's cash runway.

Revenues for 1H25 were \$4.7 million (H1 2024: \$5.3 million), within which License/Subscription and Support revenue increased 4% to \$3.5 million (H1 2024: \$3.4 million). Professional services revenue declined 35% to \$1.2 million (H1 2024: \$1.9 million), reflecting a strong prior-year baseline that benefited from several large-scale implementations, including Pearson, Hachette, and Macmillan.

The combination of a leaner cost base, disciplined investment in innovation, and an expanding mid-market presence reinforces FADEL's ability to scale efficiently while maintaining financial discipline.

## New Customer Acquisition and Expansion within Existing Customer Base

FADEL continued to add new customers and expand relationships with existing clients in the first half of 2025, reflecting the attractive value proposition of our IPM Suite and Brand Vision platforms.

Mid-market IPM expansion was a key driver in H1-25, highlighted by the successful sale of IPM Suite to Synaptics Incorporated and a leading North American manga and anime publisher. These wins demonstrate FADEL's ability to scale IPM Suite for mid-market customers, offering a cloud-based, high-functionality solution with a shorter sales cycle and recurring ARR contribution. In addition, New Zealand Mint Ltd. joined the IPM Suite customer base, further diversifying our geographic and sector reach.

On the Brand Vision side, a Fortune 50 global media and telecommunications company became a new client in H1-25, validating continued market demand for AI-driven content tracking and rights management. Beyond new logo wins, significant expansion opportunities remain within our existing Brand Vision customer

base, as clients look to increase the number of tracked assets and sites and pursue regional deployments, supporting long-term ARR growth and platform stickiness.

Importantly, no logo churn was recorded in H1-25 across IPM Suite or Brand Vision. However, we experienced a pullback in Extended Support Services (ESS) spend from existing clients, driven by broader macroeconomic conditions and client cost-reduction initiatives. As FADEL continues to focus on higher-margin, more durable License ARR, we anticipate that ESS will represent a smaller percentage of the business going forward, aligning our revenue mix with our strategic growth priorities.

Customer numbers as of 30 June 2025 reflect these additions, with IPM Suite growing to 25 customers (Dec 2024: 22) and Brand Vision to 16 (Dec 2024: 15). Looking ahead, we expect growth to be driven primarily by adding new clients—particularly in mid-market IPM and Brand Vision—while also targeting selective upsell opportunities within our existing accounts. While H1-25 saw measured progress in new customer acquisition and a pullback in ESS spend, our expanding pipeline and targeted go-to-market initiatives provide a clear path to accelerate momentum in H2-25 and into 2026.

### Board and Management Changes

In July 2025, FADEL announced a planned CFO transition. Ian Flaherty, who has served as Chief Financial Officer since February 2024, will step down on 5 September 2025. Ian has been instrumental in driving financial discipline and operational efficiency and is working closely with the Board and management team to ensure a smooth handover.

Mark Plotkin, CPA, joined FADEL full-time on 28 July 2025 and will assume the role of CFO and Secretary to the Board upon Ian's departure. Mark brings over 25 years of experience in licensing, publishing, and corporate finance, including senior roles as VP of Controllershship at Marvel Entertainment (Disney) and Chief Accounting Officer at Marvel Entertainment, along with experience at Ernst & Young. He offers deep U.S. Generally Accepted Accounting Principles ("U.S. GAAP"), internal controls, and financial reporting expertise, and will be instrumental in supporting FADEL's next stage of disciplined growth and operational scaling. Mark is based in our New York, NY office.

### Current trading and outlook

FADEL remains focused on expanding Annual Recurring Revenue (ARR) through strong client retention and a growing pipeline. Pipeline expansion continued during H1-25, though decision-making was temporarily delayed by macroeconomic uncertainty and US tariff discussions. Sales velocity is now improving, providing confidence for stronger conversion in the second half of the year.

Looking ahead, the Board expects FY 2025 total revenue to be in the range of \$12.0 million to \$12.9 million. The Company remains on track to deliver its full-year adjusted EBITDA loss target of \$1.0 million to \$0.8 million, consistent with market expectations. Year-end cash is anticipated to be between \$0.5 million and \$0.9 million. The Company continues to have access to an undrawn \$1.0 million credit facility which has been renewed through May 2026.

FADEL's disciplined cost base, expanding ARR foundation, and growing pipeline position the Company to deliver sustainable long-term growth and continued rapid progress toward profitability.

### Tarek Fadel

Chief Executive Officer

5 September 2025

## FINANCIAL REVIEW

### Revenue

Revenue for the first half of 2025 was \$4.7 million, compared to \$5.3 million in H1 2024. We achieved healthy year-over-year growth in our higher-margin License ARR for H1 2025 versus H1 2024, underscoring the strength and durability of our recurring revenue base (see ARR section below for further detail).

License/Subscription and Support revenue accounted for \$3.45 million, representing 74% of total revenue and a slight increase from \$3.4 million in the prior-year period. Services revenue declined to \$1.2 million (H1 2024: \$1.9 million), reflecting the unusually strong H1 2024 baseline, which benefited from several large-scale implementation projects, including Pearson, Hachette, and Macmillan.

### Margins

Total gross margin for the first half of 2025 was 49%, compared to 53% in H1 2024. The reduction in overall margin reflects an increase in License/Subscription and Support gross margin to 50% (H1 2024: 48%), offset by a decrease in Services gross margin to 48% (H1 2024: 61%), primarily due to lower team utilisation following the completion of several large, non-recurring implementation projects in the prior-year period.

Cost of sales decreased to \$2.4 million in H1 2025 from \$2.5 million in H1 2024, reflecting the benefits of deliberate cost-management initiatives while maintaining all client delivery commitments. These savings were achieved through strategic resource allocation, including shifting certain higher-cost consulting roles in India to moderately lower-cost locations and leveraging underutilized Support and R&D resources for services delivery when not engaged in product development. This approach allowed FADEL to control costs while sustaining product roadmap progress and client outcomes.

Overall, the margin profile reflects stable and improving efficiency in recurring revenue streams, offset by the expected variability in non-recurring services.

### Costs

Research and development (R&D) costs decreased to \$1.7 million in H1 2025, compared to \$1.8 million in H1 2024, reflecting a gradual reduction in headcount and the decision not to replace certain roles as part of our broader cost-efficiency program. On a full-year basis, R&D costs are expected to be approximately \$3.1 million in 2025 versus \$3.5 million in 2024, representing an ~11% year-over-year decrease. The majority of these savings were implemented during H1-25 and will have a more pronounced impact on our expense run-rate in H2-25 and into 2026. Despite these headcount reductions, FADEL has expanded its commitment to product innovation, delivering quarterly updates and new feature releases across IPM Suite and Brand Vision, including the ongoing integration of AI-driven capabilities to enhance functionality and customer value. Through these initiatives, we have increased development activity without increasing cost. The integration of AI into our development framework has streamlined workflows and delivered approximately 30% productivity gains in R&D, allowing us to accelerate our product roadmap with fewer resources. Under U.S. GAAP, FADEL fully expenses all R&D costs, while many peers reporting under IFRS capitalize and amortize a portion of their development spend, which can affect comparability of operating results.

Selling, general, and administrative (SG&A) costs decreased to \$3.1 million in H1 2025, down from \$4.4 million in H1 2024, reflecting the benefits of organizational restructuring initiated in Q4 2024 and concluded

in H1 2025. On a full-year basis, SG&A costs are expected to be approximately \$5.9 million in 2025 versus \$8.5 million in 2024, representing an ~31% year-over-year decrease. As part of this restructuring, several roles in sales and administrative functions were eliminated or left unfilled, and prior-year results included one-time costs, such as severance and executive recruitment expenses, that did not recur in the current period. Combined with operational efficiency measures and AI-enabled process improvements, these actions have materially reduced FADEL's cost base, supported EBITDA improvement and cash preservation, and positioned the Company to invest selectively in growth initiatives while maintaining financial discipline.

### 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 the following metrics are useful in evaluating FADEL's operating performance.

### Adjusted EBITDA

Our adjusted EBITDA Loss (a non-US GAAP measure is defined as earnings after capitalised commission costs and before interest, tax, depreciation, amortization, exceptional costs and share-based payments) improved to -\$2.4 million in 1H25 from -\$3.6 million in 1H24, reflecting both reduced operating expenses and disciplined cost management, partially offset by weaker-than-expected sales in the period. This metric is a conservative one, which, if used for comparison with other companies, needs to consider that, in accordance with U.S. GAAP, we fully expense our R&D costs as incurred, which for 1H25 were \$1.7 million (1H24: \$1.8 million).

	Six months ended 30 June 2025	Six months ended 30 June 2024	Year ended 31 December 2024
<b>EBITDA</b>	<b>\$ (2,530,192)</b>	<b>\$ (3,399,906)</b>	<b>\$ (3,959,347)</b>
<b>Adjustments to operating expenses</b>			
Commissions capitalized during the period	\$ (184,057)	\$ (310,366)	\$ (474,965)
<b>Exceptional items</b>			
Restructuring expenses <sup>(1)</sup>	\$ 92,378	\$ -	\$ 251,398
Corporate Strategic Initiatives	\$ 75,000	\$ -	\$ -
Share based payments <sup>(2)</sup>	\$ 132,292	\$ 131,158	\$ 275,643
<b>Total Adjustments</b>	<b>\$ 115,613</b>	<b>\$ (179,208)</b>	<b>\$ 52,076</b>
<b>Adjusted EBITDA</b>	<b>\$ (2,414,579)</b>	<b>\$ (3,579,114)</b>	<b>\$ (3,907,271)</b>

(1) Includes costs related to organizational changes undertaken during the period, such as severance payments

(2) Share based payments for 2023 were recorded on an annual basis as of 31 December 2023. For the first half of 2024, we began recognizing these expenses on a quarterly basis

**Annual recurring revenue**

\$	As at 30 June 2025	As at 31 December 2024	As at 30 June 2024
IPM – License and Product Support	4,993,045	4,586,778	4,530,532
IPM - ESS	1,720,535	2,352,268	2,288,610
<b>IPM Suite - Total</b>	<b>6,713,580</b>	<b>6,939,046</b>	<b>6,819,142</b>
BrandVision – License and Product Support	2,274,568	2,070,234	1,527,903
<b>Brand Vision - Total</b>	<b>2,274,568</b>	<b>2,070,234</b>	<b>1,527,903</b>
PictureDesk – License and Product Support	871,688	844,583	868,823
<b>PictureDesk - Total</b>	<b>871,688</b>	<b>844,583</b>	<b>868,823</b>
<b>Total ARR</b>	<b>9,859,836</b>	<b>9,853,863</b>	<b>9,215,868</b>
<b>License and Product Support ARR</b>	<b>8,139,301</b>	<b>7,501,595</b>	<b>6,927,258</b>
<b>ESS ARR</b>	<b>1,720,535</b>	<b>2,352,268</b>	<b>2,288,610</b>

During 1H25, we introduced a more detailed breakdown of Annual Recurring Revenue (ARR) to improve transparency and provide stakeholders with increased visibility into the composition of our recurring revenue. ARR is now presented in two components:

- **License and Product Support ARR** – representing recurring contractual revenue from software licenses and standard product support.
- **Extended Support Services (ESS) ARR** – covering subscription-based support for minor configurations, technical consulting, and post-go-live configuration support, associated only with our IPM Suite.

As of 30 June 2025, total ARR stood at \$9.9 million, consistent with the \$9.9 million recorded at year-end 2024. While overall ARR remained flat, this reflects two offsetting dynamics. License and Product Support ARR increased to \$8.1 million (from \$7.5 million), driven by steady growth in our core IPM Suite and Brand Vision platforms. Meanwhile, ESS ARR declined to \$1.7 million (from \$2.4 million), as clients scaled back recurring support services in response to internal cost-control efforts and enhanced platform self-sufficiency.

This shift in ARR composition reflects our deliberate focus on growing the higher-margin, more durable portion of our recurring revenue base. The reduction in ESS, although notable, was anticipated and aligns with broader macroeconomic dynamics affecting client spend. Importantly, the continued expansion in License ARR—supported by new client wins in both the mid-market and enterprise segments—reinforces the long-term stickiness of our platform offerings.

**Customer numbers**

	<b>As at 30 June 2025</b>	<b>As at 31 December 2024</b>
IPM Suite	25	22
Brand Vision	16	15
PictureDesk	96	103
<b>Total</b>	<b>137</b>	<b>140</b>

During 1H25, IPM Suite and Brand Vision customer counts increased by three and one, respectively, with no customer losses.

The net decrease of seven customers in PictureDesk was a result of four new client additions, eight losses and three customer aggregations/mergers. Notably, PictureDesk's customer base mainly consists of smaller revenue value customers compared to our IPM Suite and Brand Vision customers. However, it's important to highlight that our acquisition of IDS was largely focused on adopting their intellectual property, particularly their exceptional video tracking capabilities, which we have successfully integrated into the Brand Vision product to significantly enhance our content tracking features. Through 1H24, our primary focus was on growing our go-to-market strategy around our core offerings in IPM and Brand Vision, which meant there wasn't a significant emphasis on PictureDesk product sales directly. Despite this, we see growth potential in this business, and during 2H25, we will be increasing investment in our marketing and sales efforts for PictureDesk .

**Cash**

Cash and cash equivalents were \$1.6 million as of 30 June 2025, compared to \$2.6 million at 31 December 2024. The reduction reflects normal seasonal cash flow trends, including timing of collections and investment in operating activities during the first half of the year. Looking ahead, the Company expects year-end cash to be in the range of \$0.5 million to \$0.9 million, consistent with historical seasonal patterns. FADEL remains confident in its liquidity position, supported by continued cost discipline, expected collections in the second half, with access to an undrawn \$1.0 million credit facility, renewed through May 2026.

**Ian Flaherty**

Chief Financial Officer

5 September 2025

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

The unaudited Consolidated Statements of Comprehensive Income of the Group for the six-month periods ended 30 June 2025 and 2024, and audited Consolidated Statement of Comprehensive Income of the Group for the year ended 31 December 2024, are set out below:

	<i>Unaudited</i> As at 30 June 2025 \$	<i>Unaudited</i> As at 30 June 2024 \$	<i>Audited</i> As at 31 December 2024 \$
<b>Continuing operations</b>			
License/subscription and support	3,447,981	3,403,523	9,665,773
Professional services	1,207,041	1,853,263	3,356,428
<b>Total revenue</b>	<b>4,655,022</b>	<b>5,256,786</b>	<b>13,022,201</b>
Cost of fees and services	2,364,047	2,482,777	4,973,230
<b>Gross profit</b>	<b>2,290,975</b>	<b>2,774,009</b>	<b>8,048,971</b>
Research and development	1,699,833	1,752,136	3,456,310
Selling, general and administrative expenses	3,121,335	4,421,779	8,552,008
Depreciation and amortization	296,549	381,637	700,851
Interest expense	22,379	60,172	72,583
Foreign exchange (gains)/losses	(80,199)	185,887	275,075
Other income	-	(13,883)	-
<b>Total operating expenses</b>	<b>5,059,897</b>	<b>6,787,728</b>	<b>13,056,827</b>
<b>Loss before income taxes</b>	<b>(2,768,922)</b>	<b>(4,013,719)</b>	<b>(5,007,856)</b>
Income tax (gain) / expense	101,139	92,099	818,485
<b>Net loss after taxes</b>	<b>(2,870,061)</b>	<b>(4,105,818)</b>	<b>(5,826,341)</b>
Total foreign currency (losses)/gains	405,583	40,170	134,999
<b>Total comprehensive loss</b>	<b>(2,464,478)</b>	<b>(4,065,648)</b>	<b>(5,691,342)</b>
<i>Net income attributable to non-controlling interest</i>	(12)	16	23
<i>Net loss attributable to the Group</i>	(2,870,049)	(4,105,834)	(5,826,364)
<b>Net loss after taxes</b>	<b>(2,870,061)</b>	<b>(4,105,818)</b>	<b>(5,826,341)</b>
<i>Comprehensive income (loss) attributable to non-controlling interest</i>	(12)	16	23
<i>Comprehensive loss attributable to the Group</i>	(2,464,466)	(4,065,664)	(5,691,365)
<b>Total comprehensive loss</b>	<b>(2,464,478)</b>	<b>(4,065,648)</b>	<b>(5,691,342)</b>
Basic and diluted loss per Share (\$)	(0.12)	(0.20)	(0.28)

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

The unaudited Consolidated Statements of Financial Position of the Group as at 30 June 2025 and 2024, together with the audited Consolidated Statement of Financial Position of the Group as at 31 December 2024, are set out below:

	<i>Unaudited</i> As at 30 June 2025 \$	<i>Unaudited</i> As at 30 June 2024 \$	<i>Audited</i> As at 31 December 2024 \$
<b>Assets</b>			
Cash and cash equivalents	1,568,893	2,215,802	2,607,422
Account receivable, net	1,215,681	2,116,256	1,839,305
Unbilled work-in-progress	844,284	1,292,042	1,160,680
Income tax receivable	-	656,130	-
Other current assets	249,477	280,866	275,984
<b>Current assets</b>	<b>3,878,335</b>	<b>6,561,097</b>	<b>5,883,391</b>
Intangible assets, net	1,819,106	1,948,415	1,800,613
Goodwill	2,376,613	2,194,442	2,178,198
Furniture, equipment and purchased software	190,253	133,831	206,678
Contract costs	877,409	836,375	835,521
Deferred tax asset	-	830,778	-
Right-of-use asset	72,885	169,262	134,777
<b>Non-current assets</b>	<b>5,336,266</b>	<b>6,113,103</b>	<b>5,155,787</b>
<b>TOTAL ASSETS</b>	<b>9,214,601</b>	<b>12,674,200</b>	<b>11,039,178</b>
<b>Liabilities</b>			
Accounts payable and accrued expenses	1,929,411	1,701,249	2,542,049
Income tax payable	1,092,962	1,339,470	1,021,905
Deferred revenue	4,117,441	3,506,567	2,849,163
Notes payable – related parties	162,396	162,396	162,396
Current lease liability	57,607	70,765	74,248
Line of Credit	-	-	-
<b>Current liabilities</b>	<b>7,359,817</b>	<b>6,780,447</b>	<b>6,649,761</b>
Provisions - End of services indemnity	308,824	467,225	308,824
Deferred revenue	293,480	272,556	445,799
Non-current lease liability	15,278	98,497	60,529
<b>Non-current liabilities</b>	<b>617,582</b>	<b>838,279</b>	<b>815,152</b>
<b>Total liabilities</b>	<b>7,977,399</b>	<b>7,618,726</b>	<b>7,464,913</b>
<b>Shareholders' equity</b>			
Common shares	20,231	20,231	20,231
Treasury stock, at cost	(4,877)	-	-
Additional paid-in capital	25,724,978	25,448,201	25,592,686
Accumulated deficit	(25,407,063)	(20,816,484)	(22,537,014)
Cumulative translation adjustment	902,862	402,450	497,279
	<b>1,236,131</b>	<b>5,054,398</b>	<b>3,573,182</b>
Non-controlling interest	1,071	1,076	1,083
<b>Total Shareholders' equity</b>	<b>1,237,202</b>	<b>5,055,474</b>	<b>3,574,265</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>9,214,601</b>	<b>12,674,200</b>	<b>11,039,178</b>

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

The unaudited Consolidated Statements of Changes in Equity of the Group for the six-month periods ended 30 June 2025 and 2024 together with the audited Consolidated Statement of Changes in Equity of the Group as at 31 December 2024, are set out below:

	Preferred Shares	Preferred Shares	Common shares	Common shares	Treasury Stock	Treasury Stock	Additional paid in capital	Accumulated deficit	Cumulative translation adjustment	Non- controlling interest	Total
	#	\$	#	\$	#	\$	\$	\$	\$	\$	\$
<b>As at 31 December 2023 (audited)</b>	-	-	20,231,250	20,231	-	-	25,317,043	(16,710,650)	362,280	1,060	8,989,964
Non-controlling interest	-	-	-	-	-	-	-	-	-	16	16
Stock-based compensation	-	-	-	-	-	-	131,158	-	-	-	131,158
Net loss	-	-	-	-	-	-	-	(4,105,834)	-	-	(4,105,834)
Foreign exchange translation income	-	-	-	-	-	-	-	-	40,170	-	40,170
<b>As at 30 June 2024 (unaudited)</b>	-	-	20,231,250	20,231	-	-	25,448,201	(20,816,484)	402,450	1,076	5,055,474
Non-controlling interest	-	-	-	-	-	-	-	-	-	7	7
Stock-based compensation	-	-	-	-	-	-	144,485	-	-	-	144,485
Net loss	-	-	-	-	-	-	-	(1,720,530)	-	-	(1,720,530)
Foreign exchange translation income	-	-	-	-	-	-	-	-	94,829	-	94,829
<b>As at 31 December 2024 (audited)</b>	-	-	20,231,250	20,231	-	-	25,592,686	(22,537,014)	497,279	1,083	3,574,265
Non-controlling interest	-	-	-	-	-	-	-	-	-	(12)	(-12)
Common stock repurchased	-	-	-	-	(5,555)	(4,877)	-	-	-	-	(4,877)
Stock-based compensation	-	-	-	-	-	-	132,292	-	-	-	132,292
Net loss	-	-	-	-	-	-	-	(2,870,049)	-	-	(1,848,264)
Foreign exchange translation income	-	-	-	-	-	-	-	-	405,583	-	(616,202)
<b>As at 30 June 2025 (unaudited)</b>	-	-	20,231,250	20,231	(5,555)	(4,877)	25,724,978	(25,407,063)	902,862	1,071	1,237,202

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

The unaudited Consolidated Statements of Cash Flows of the Group for the six-month period ended 30 June 2025 and 2024, alongside the audited Consolidated Statement of Cash Flows of the Group for the year ended 31 December 2024 are set out below:

	<i>Unaudited</i> Six months ended 30 June 2025 \$	<i>Unaudited</i> Six months ended 30 June 2024 \$	<i>Audited</i> Year ended 31 December 2024 \$
<b>Cash flows from operating activities</b>			
Net loss after taxes	(2,870,061)	(4,105,818)	(5,826,341)
<u>Adjustments to reconcile net loss to net cash from operating activities:</u>			
Depreciation and amortization	296,549	381,637	700,851
Non-cash stock compensation	132,292	131,158	275,643
Non-Cash commission shares	-	-	-
Non-cash impact of foreign exchange on intangibles	(354,863)	45,366	71,102
<u>Changes in assets and liabilities</u>			
Accounts receivable	623,624	192,324	469,275
Unbilled work-in-progress	316,396	2,411,853	2,543,215
Income tax receivable	-	4,494	660,624
Other current assets	26,507	17,708	22,590
Deferred tax asset	-	-	830,778
Capitalization of commissions	(184,057)	(310,366)	(474,965)
Right of use assets	61,892	32,966	67,451
Accounts payable and accrued expenses	(612,638)	(598,301)	16,647
Income Tax Payable	71,057	76,768	(240,797)
Other Liability	(61,892)	(32,966)	-
Deferred revenue	1,115,959	746,027	261,867
<b>Net cash used in operating activities</b>	<b>(1,439,235)</b>	<b>(1,007,150)</b>	<b>(622,060)</b>
Purchase of furniture, equipment and software	-	(8,676)	(96,975)
<b>Net cash used in investing activities</b>	<b>-</b>	<b>(8,676)</b>	<b>(96,975)</b>
Repurchases of common stock	(4,877)	-	-
Proceeds from line of credit	-	-	300,000
Repayment of line of credit	-	-	(300,000)
<b>Net cash from financing activities</b>	<b>(4,877)</b>	<b>-</b>	<b>-</b>
Effect of exchange rates on cash	405,583	40,170	134,999
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(1,038,529)</b>	<b>(975,656)</b>	<b>(584,036)</b>
Cash and cash equivalents, beginning of year	2,607,422	3,191,458	3,191,458
<b>Cash and cash equivalents, end of year</b>	<b>1,568,893</b>	<b>2,215,802</b>	<b>2,607,422</b>
<b>Supplemental disclosure of cash flow information</b>			
Cash paid for interest	20,280	37,738	59,792
Cash received from interest	152	13,883	3,000
Cash paid for income taxes	29,192	8,827	207,782

# NOTES TO THE GROUP INTERIM FINANCIAL INFORMATION

## 1. Organisation and Nature of Business

The interim 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;
  - Fadel Partners France SAS (“Fadel France”); and
- 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. 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, Jordan 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”).

These unaudited interim consolidated financial statements for the six months ended 30 June 2025 have been prepared in accordance with the accounting policies set out in the Annual Report and Financial statements of the Company for the year ended 31 December 2024 using the recognition and measurement principles in conformity with generally accepted accounting principles in the United States of America (“US GAAP”). Such consolidated financial statements reflect all adjustments that are, in management's opinion, necessary to present fairly, in all material respects, the Company's financial position, results of operations and cash flows, and are presented in U.S. Dollars. All material intercompany transactions and balances have been eliminated in consolidation.

## 2. Summary Of Significant Accounting Policies

### ***Principle of consolidation***

The interim financial information has been prepared in accordance with 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 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 interim financial information in conformity with US GAAP requires the Company to make estimates and assumptions that affect the reported amounts of the Group's assets and liabilities and disclosure of contingent assets and liabilities, as at the reporting dates, as well as the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from these estimates.

**Fair Value Measurements**

US GAAP requires the disclosure of the fair value of certain financial instruments, whether or not recognized on the Statement of Financial Position, for which it is practicable to estimate fair value. The Company estimates fair values using appropriate valuation methodologies and market information available as at each reporting date. Considerable judgment is required to develop estimates of fair value, and the estimates presented are not necessarily indicative of the amounts that the Company could realize 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 prioritizes inputs used to measure fair value into three levels and bases categorization 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, 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. As at 30 June 2025, 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 \$0.4 million out of a total of \$1.6 million cash deposits. Cash amounts held in Lebanon are not insured and as such minimal deposits are held in Lebanese accounts, with payments transferred in the country only on an as needed basis. The Company believes the risk is limited as the institutions are large national institutions with strong financial positions.

**Accounts receivable, unbilled work-in-progress and allowance for doubtful accounts**

Accounts receivable are 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.

### ***Credit losses***

The Company accounts for credit losses under 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 unrealised 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 at 1 January 2023, with no material impact on its consolidated financial statements.

### ***Revenue Recognition***

The Company follows the guidance of ASC 606, “*Revenue from Contracts with Customers*,” and ASC 340, “*Other Assets and Deferred Cost*,” to account for revenue.

### ***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 Company 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 Company 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 Company 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 Company’s 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
<b>1- SaaS Products</b>	- 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
<b>2- IPM Suite: FADEL Hosted</b>	- 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
<b>3 - IPM Suite: Client Hosted</b>	- 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 Company 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 Company utilizes these observable inputs to develop the standalone selling prices of these services.

The Company 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 Company capitalizes 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 Company estimated the amortization period based on the remaining expected life of the customer/the term for which it anticipates the 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.

For service and support contracts, the amortization 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.

Amortization periods for customer lives typically vary between 5 and 10 years. The Company elected not to apply the practical expedient for contracts that have a duration of less than one year. The Company 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

***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 capitalized.

***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.

***Intangible assets other than goodwill***

The Company has three categories of intangible assets:

Brand assets

The Company purchased IDS in October 2021 and with it acquired a long-established and respected brand. At the time of purchase, the Company 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 Company determined that an impairment charge was not necessary during the period covered by the interim financial information.

#### Customer relationships

The Company purchased IDS in October 2021 and with it acquired a number of customer relationships. At the time of purchase, the Company estimated the useful life of the customer relationships acquired for financial reporting purposes and recognises amortization 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 Company determined that an impairment charge was not necessary during the period covered by the interim financial information.

#### Software and technology assets

The Company purchased IDS in October 2021 and with it acquired a number of software and technology assets. At the time of purchase, the Company estimates the useful life of the software and technology assets acquired for financial reporting purposes and recognizes amortization 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 Company determined that an impairment charge was not necessary during the period covered by the interim financial information.

#### ***Billed accounts receivable and concentrations of credit risk***

As at 30 June 2025, there were three significant customers (defined as contributing at least 10%) that accounted for 64% of accounts receivable.

As at 30 June 2024, there were three significant customers (defined as contributing at least 10%) that accounted for 64% of accounts receivable

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

#### ***Accounts payable and concentrations of credit risk***

As at 30 June 2025, there was two significant vendors (defined as contributing at least 10%) that accounted for 54% of accounts payable.

As at 30 June 2024, there was one significant vendor (defined as contributing at least 10%) that accounted for 25% of accounts payable.

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

#### ***Unbilled work-in-progress and concentrations of credit risk***

As at 30 June 2025, there were three significant customers (defined as contributing at least 10%) that accounted for 92% of unbilled work-in-progress.

As at 30 June 2024, there were three significant customers (defined as contributing at least 10%) that accounted for 79% of unbilled work-in-progress.

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

**Revenue concentrations**

In the six-month period ended 30 June 2025, the five largest customers accounted for \$2,103,198 of revenue, some 45% of revenue from continuing operations.

In the six-month period ended 30 June 2024, the five largest customers accounted for \$2,457,249 of revenue, some 47% of revenue from continuing operations.

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

**Top 5 Customers' Revenue Concentration**

\$'000	<i>Unaudited</i>			<i>Unaudited</i>		<i>Audited</i>
	Revenue	For 6 months ending June 2025 % of Total	Revenue	For 6 months ending June 2024 % of Total	Revenue	Year ended 31 December 2024 % of Total
License/subscription	\$ 1,228	26%	\$ 1,056	20%	\$ 4,004	31%
Support	\$ -	0%	\$ 304	6%	\$ 455	3%
Services	\$ 875	19%	\$ 1,098	21%	\$ 1,920	15%
<b>Total</b>	<b>\$ 2,103</b>	<b>45%</b>	<b>\$ 2,457</b>	<b>47%</b>	<b>\$ 6,379</b>	<b>49%</b>

**Advertising and promotion costs**

Advertising and promotion costs are expensed as incurred. These costs totalled approximately \$442,926 for the six-month period ended 30 June 2025 (30 June 2024: \$502,858) and \$1,001,898 for the year ended 31 December 2024.

**Segmental reporting**

The Company 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.

**Income taxes**

The Company 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 Company also measures the Group's 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 realized.

**Stock-based compensation**

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

**Leases**

The Group accounts for its leases under ASC 842, Leases, which requires the recognition of right-of-use (“ROU”) assets and lease liabilities on the Consolidated Statements of Financial Position, including 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 determines if an arrangement is a lease at inception. If applicable, operating leases are included in operating lease ROU assets, current lease liabilities, and non-current lease liabilities on the accompanying Consolidated Statements of Financial Position. If applicable, finance leases are included in property and equipment, current lease liabilities, and non-current lease 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, in 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, the financial statements for all periods presented reflect the Lebanon subsidiary’s operations and financial position in USD.

**Comprehensive income/(loss)**

Comprehensive income/(loss) consists of two components:

- net income/(loss); and
- other comprehensive income/(loss).

Other comprehensive income/(loss) refers to revenue, expenses, gains and losses that are recorded as an element of shareholder’s equity but are excluded from net income/(loss). Other comprehensive income/(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 local currencies. As a result, amounts related to assets and liabilities reported on the Consolidated Statement 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 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.

**3. Segmental Reporting**

The Group reports its business activities in two areas:

- subscription and support revenue; and
- professional services,

which are reported in a manner consistent with the internal reporting to 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*" and "*professional services*" and by key product families (IPM Suite and Brand Vision) and hence to aid the readers understanding of our results, the split of revenue from these categories is shown below:

	<b>Unaudited</b> <b>As at</b> <b>30 June</b> <b>2025</b> <b>\$</b>	<b>Unaudited</b> <b>As at</b> <b>30 June</b> <b>2024</b> <b>\$</b>	<b>Audited</b> <b>As at</b> <b>31 December</b> <b>2024</b> <b>\$</b>
<b>Revenue</b>			
<b>License/subscription</b>			
IPM Suite	1,951,406	1,730,580	6,432,379
Brand Vision	1,496,575	1,195,210	2,559,367
<b>Total license/subscription</b>	<b>3,447,981</b>	<b>2,925,790</b>	<b>8,991,746</b>
<b>Support</b>			
IPM Suite	-	477,733	674,027
<b>Total support</b>	<b>-</b>	<b>477,733</b>	<b>674,027</b>
License/subscription and support	3,447,981	3,403,523	9,665,773
Professional services	1,207,041	1,853,263	3,356,428
<b>Total revenue</b>	<b>4,655,022</b>	<b>5,256,786</b>	<b>13,022,201</b>
<b>Cost of sales</b>			
License/subscription and support	1,733,567	1,760,867	3,394,219
Professional services	630,480	721,910	1,579,011
<b>Total cost of sales</b>	<b>2,364,047</b>	<b>2,482,777</b>	<b>4,973,230</b>
<b>Gross profit margins</b>			
License/subscription and support	50%	48%	65%
Professional services	48%	61%	53%
<b>Total gross profit margin</b>	<b>49%</b>	<b>53%</b>	<b>62%</b>

#### 4. Accounts Receivable

Accounts receivable consists of the following:

	<b>Unaudited</b> <b>As at</b> <b>30 June</b> <b>2025</b> <b>\$</b>	<b>Unaudited</b> <b>As at</b> <b>30 June</b> <b>2024</b> <b>\$</b>	<b>Audited</b> <b>As at</b> <b>31 December</b> <b>2024</b> <b>\$</b>
Accounts receivable	1,329,868	2,138,275	1,952,329
Allowance for doubtful accounts	(114,187)	(22,019)	(113,024)
<b>Accounts receivable, net</b>	<b>1,215,681</b>	<b>2,116,256</b>	<b>1,839,305</b>

#### 5. 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 the 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 the Group having losses in all years presented, the fully diluted loss per share for disclosure purposes, as shown in the Consolidated Statements of Comprehensive Income, is the same as for the basic loss per share due to the anti-dilutive nature of the calculations.

	<i>Unaudited</i> Six months ended 30 June 2025	<i>Unaudited</i> Six months ended 30 June 2024	<i>Audited</i> Year ended 31 December 2024
Total comprehensive income attributable to Shareholders	(2,464,478)	(4,065,648)	(5,691,342)
Weighted average number of shares	20,225,695	20,231,250	20,231,250
<b>Basic earnings per share (\$)</b>	<b>(0.12)</b>	<b>(0.20)</b>	<b>(0.28)</b>

## 6. Furniture, Equipment and Purchased Software

Furniture, equipment and purchased software consist of the following:

	<i>Unaudited</i> As at 30 June 2025 \$	<i>Unaudited</i> As at 30 June 2024 \$	<i>Audited</i> As at 31 December 2024 \$
Furniture, equipment and purchased software	367,007	274,750	363,328
Accumulated depreciation	(176,754)	(140,919)	(156,650)
<b>Furniture and equipment, net</b>	<b>190,253</b>	<b>133,831</b>	<b>206,678</b>

The total depreciation charge for the six-month period ended 30 June 2025 was \$16,811, compared to \$9,894 in the six-month period ended 30 June 2024 and \$26,003 for the year ended 31 December 2024.

## 7. Contract Costs

Contract costs consist of the following:

	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
	As at	As at	As at
	30 June	30 June	31 December
	2025	2024	2024
	\$	\$	\$
<b>Opening balance</b>	<b>835,521</b>	<b>763,323</b>	<b>763,323</b>
Commissions capitalized during the period	184,057	310,366	474,965
Amortization charge for the period	(142,169)	(237,314)	(402,767)
<b>Accumulated contract costs</b>	<b>877,409</b>	<b>836,375</b>	<b>835,521</b>

Accumulated amortisation was \$2,006,138 as at 30 June 2025, \$1,698,517 as at 30 June 2024 and \$1,863,969 as at 31 December 2024. 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.

## 8. Common Shares

The Company has authority to issue 150,000,000 shares at \$0.001 par value per Share. As at 31 December 2024 and 30 June 2025, the Company had 20,231,250 common shares of \$0.001 each in issue. Shareholders may use this figure as the denominator by which they are required to notify their interest in, or change their interest in, the Company under the Disclosure Guidance and Transparency Rules.

## 9. Related Parties

### Notes Payable

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"). The remaining balance on the Fadel Loan 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. The loan balance was \$162,396 as at 30 June 2025 and 31 December 2024.

## 10. Line Of Credit

On 29 June 2022, the Company entered into a new \$1 million note agreement for a line of credit between the Company and Bank of America, N.A.. Advances under the note bear interest at the bank's Prime Rate plus 0.7%.

On 12 April 2024, the line of credit between the Company and Bank of America, N.A. was extended until 31 May 2025 and again extended until 31 May 2026 on 4 April 2025. The balance owed to Bank of America, N.A. under the terms of the line of credit was zero at 30 June 2025 and 31 December 2024.

## 11. 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 394,140 and 793,830 shares were granted and remain outstanding as at 30 June 2025 and 31 December 2024, respectively. 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 30 June 2025 and 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. As at 30 June 2025, 1,435,238 options under the 2023 Equity Incentive Plan were granted and 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:

	<b>For the six- month ended 30 June 2025</b>	<b>For the year ended 31 December 2024</b>
Estimated dividend yield	0%	0%
Expected stock price volatility	37%	30%
Risk-free interest rate	4.22%	4.19%
Expected life of option (in years)	7	7
Weighted-average fair value per share	\$0.42	\$0.62

Due to limited historical data, the expected volatility rates are estimated based on the actual volatility of comparable public companies over the expected term. The expected term represents the average time that options that vest are expected to be outstanding. Due to limited historical data, the Company calculates the expected life based on the midpoint between the vesting date and the contractual term, which is in accordance with the simplified method. The risk-free rate is based on the United States Treasury yield curve during the expected life of the option.

A summary of the status of the Group's option plans for the period as of 30 June 2025 is as follows:

Options outstanding	2014 plan		Non-plan		2023 plan		Total	
	Number of Options (in Shares)	Weighted average exercise price	Number of Options (in Shares)	Weighted average exercise price	Number of Options (in Shares)	Weighted average exercise price	Number of Options (in Shares)	Weighted average exercise price
<b>As at 31 December 2024</b>	<b>793,830</b>	<b>\$1.19</b>	<b>576,924</b>	<b>\$1.78</b>	<b>1,723,952</b>	<b>\$1.73</b>	<b>3,094,706</b>	<b>\$1.60</b>
Granted	-	\$0	-	\$0	83,400	\$1.65	83,400	\$1.65
Exercised	-	\$0	-	\$0	-	\$0	-	\$-
Forfeited or expired	(399,690)	\$1.09	-	\$0	(372,114)	\$1.65	(771,804)	\$1.36
<b>As at 30 June 2025</b>	<b>394,140</b>	<b>\$1.09</b>	<b>576,924</b>	<b>\$1.78</b>	<b>1,435,238</b>	<b>\$1.65</b>	<b>2,406,302</b>	<b>\$1.59</b>
Exercisable as at 31 December 2024	793,830	\$1.21	576,924	\$1.78	475,542	\$1.81	1,846,296	\$1.46
<b>Exercisable as at 30 June 2025</b>	<b>394,140</b>	<b>\$1.20</b>	<b>576,924</b>	<b>\$1.78</b>	<b>475,542</b>	<b>\$1.71</b>	<b>1,446,606</b>	<b>\$1.60</b>

Stock option expense for the period 30 June 2025 was \$132,292 and for year ended 31 December 2024 was \$275,643. Unrecognized compensation expense related to share options which will be recognized through the second half of 2025 was \$127,723 as at 30 June 2025, compared to \$272,980 as at 31 December 2024.

## 12. Retirement Plan

The Company has a 401(k) safe harbor plan that covers all employees 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 \$49,724 for the six-month period ended 30 June 2025, \$65,033 for the six-month period ended 30 June 2024 and \$112,333 for the year ended 31 December 2024.

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 and remains unchanged at 30 June 2025, as no alterations have been observed up to the date of the document. It will be reviewed and validated at the end of 2025.

## 13. 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 30 June 2025, 30 June 2024, and 31 December 2024, the Company had approximately \$72,885, \$169,262 and \$134,777, respectively, of operating lease ROU assets and \$72,885, \$169,262 and \$134,777, 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 June 2025, 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 30 June 2025:

The lease agreement for the 7th floor has been successfully concluded and formally terminated as of January 1, 2025.

	Operating
2025	\$ 57,607
2026	\$ 15,278
<b>Total Operating Lease Liabilities</b>	<b>\$ 72,885</b>
Less amounts representing interest	\$ 4,125
<b>Present Value of Future Minimum Lease Payments</b>	<b>\$ 68,760</b>
Less current maturities	\$ 57,607
<b>Long-term Lease Liability</b>	<b>\$ 11,153</b>

**Lease Cost:**

	<b>Unaudited As at 30 June 2025</b>	<b>Unaudited As at 30 June 2024</b>	<b>Audited As at 31 December 2024</b>
Operating lease - operating cash flows (fixed payments)	\$ 30,803	\$ 71,266	\$ 62,438
Weighted average remaining lease term - operating	1.3 years	1.4 years	1.7 years
Weighted average discount rate - operating	10%	10%	10%

#### 14. 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.

#### **15. Subsequent Events**

Management has evaluated the subsequent events for disclosure in these consolidated financial statements through 5 September 2025, the date these consolidated financial statements were available for issuance, and determined that no events have occurred that would require adjustment to or disclosure in these consolidated financial statements.