2026

Interim Report

FADEL®

AI-Driven Brand Compliance & Licensing Solutions

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 2026, based on unaudited management accounts.

FINANCIAL HIGHLIGHTS

US Dollars ($M)	1H26	1H25	FY25	Change %[5]
Group revenue	4.8	4.7	12.6	4%
License and Support revenue [1]	3.1	2.4	8.2	25%
Services revenue [1]	1.8	2.2	4.4	-19%
Gross profit	2.9	2.3	8.1	28%
Gross profit margin (%)	61%	49%	64%	23%
Operating Expenses [2]	4.1	4.8	9.5	-15%
Adjusted EBITDA [3]	(1.1)	(2.4)	(0.7)	53%
Cash and Cash Equivalents	1.9	1.6	1.9	
ARR [4]	9.4	8.4	8.9	

[1] Beginning with the 2025 year-end results, the Company's services revenue now includes revenue generated under recurring services subscription arrangements, rather than such revenue being included with license and support revenue. Prior periods have been reclassified for consistency.
[2] 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.
[3] Earnings after capitalized commission costs and before interest, tax, depreciation, amortization, exceptional costs and share-based payments.
[4] ARR represents the annualised value of recurring licensing subscription and support revenue from active customer contracts at the reporting date. Starting with 2025 year-end results, ARR includes only recurring licensing subscription and support revenue, excluding recurring services revenue. Prior periods have been reclassified for consistency.
[5] Change % compares 1H25 and 1H26. Percent change is calculated using non-rounded figures.

OPERATIONAL REVIEW

Highlights

Growth in higher-quality recurring revenue

License and support revenue increased by 25% to $3.1 million, largely reflecting the impact of new customers and expansions secured during the second half of 2025. This growth more than offset an expected reduction in services revenue and contributed to total revenue growth of 4%.

Annual Recurring Revenue increased by 11% year-on-year to $9.4 million at 30 June 2026 and was also ahead of the $8.9 million reported at 31 December 2025. For the 12 months ended 30 June 2026, net revenue retention across all product lines was 104%.

Material improvement in gross margin

Gross margin increased to 61%, compared with 49% in H1 2025, representing an improvement of 12 percentage points and a 24% increase relative to the prior-year margin.

The improvement reflected a greater proportion of higher-margin license and support revenue, together with efficiencies in the Group's services delivery structure, including reduced employee and subcontractor costs within cost of sales.

Continued progress towards profitability

Operating expenses decreased by 15% to $4.1 million, with reductions across research and development, sales and marketing and general and administrative expenses.

As a result, the adjusted EBITDA loss narrowed by 53% to $1.1 million, compared with a loss of $2.4 million in H1 2025.

This improvement demonstrates the operational leverage resulting from growth in recurring revenue, an improved revenue mix and management's continued emphasis on cost optimization.

Continued ARR growth and customer expansion

During the period, the Group added new customers across both IPM Suite and Brand Vision, including Wilson, Peachtree, FlexJet, Bleacher Report and The Royal Mint.

The Group also expanded relationships with existing customers, including L'Oréal, Philip Morris and The Coca-Cola Company.

These new customer wins and expansions contributed to ARR growth during the period and demonstrate the applicability of FADEL's platforms across multiple industries.

AI product strategy moved into deployment

During H1 2026, FADEL launched its AIVA artificial intelligence platform and deployed two significant AI-enabled capabilities.

The Product Approval system incorporates the AIVA Reviewer Agent to support early-stage review of product submissions against applicable brand guidelines and licensing requirements.

AIVA Intelligence provides natural-language access to licensing agreements, policies and product data, including information relating to rights, financial obligations, royalty provisions and other contractual terms. It is available within IPM Suite and LicenSee.

Strong cash position relative to the prior period

Cash and cash equivalents were $1.9 million at 30 June 2026, compared with $1.6 million at 30 June 2025.

The Group also retains access to an undrawn $1.0 million credit facility with Bank of America, N.A., which has been renewed through 31 May 2027.

Full-year outlook maintained

Based on performance during the first half, management expects FY 2026 revenue, adjusted EBITDA loss and cash to be in line with market expectations.

Chief Executive Officer's Review

Overview

FADEL delivered meaningful operational and financial progress during the first half of 2026.

Licensing and support revenue grew by 25% and gross margin improved to 61%. Operating expenses decreased by 15%, and the adjusted EBITDA loss narrowed by more than half to $1.1 million.

These results demonstrate the benefits of the actions taken during 2025 to simplify the Group's operating structure, reduce its cost base and focus resources on higher-quality recurring software revenue.

The business enters the second half of the year with a growing ARR base, an expanded sales pipeline and a broader product offering. We remain focused on converting that opportunity into sustainable recurring revenue growth while maintaining disciplined control over costs and cash.

Financial performance

Group revenue increased by 4% to $4.8 million, compared with $4.7 million in H1 2025.

License and support revenue increased by 25% to $3.1 million, driven principally by the contribution from new customer wins and expansions secured during the second half of 2025. As described in the FY 2025 results, a significant proportion of the prior year's ARR growth was secured late in the year and therefore contributed more fully to revenue during H1 2026.

Services revenue decreased by 19% to $1.8 million. This reduction was anticipated and reflects lower services activity with certain enterprise customers, partially offset by additional project and managed-services work elsewhere in the customer base.

The change in revenue mix, together with service delivery efficiencies, resulted in gross profit increasing by 28% to $2.9 million and gross margin improving from 49% to 61%.

Operating expenses decreased to $4.1 million from $4.8 million. The lower expense base reflects the full-period benefit of the restructuring and operating-efficiency measures completed during 2025, the decision to leave certain positions unfilled and continued discipline over subcontractor and discretionary expenditure.

The resulting adjusted EBITDA loss of $1.1 million represents a 53% improvement compared with H1 2025.

Annual Recurring Revenue (ARR)

ARR increased to $9.4 million at 30 June 2026, compared with $8.4 million at 30 June 2025 and $8.9 million at 31 December 2025.

Beginning with the 2025 year-end results, ARR comprises only recurring license, subscription and support revenue. Recurring services subscription revenue is excluded. Prior periods have been reclassified to conform to this presentation, providing a clearer view of the Group's core recurring software revenue.

ARR growth was supported by new logo wins and continued expansion within the existing customer base. Over the 12 months ended 30 June 2026, Group net revenue retention was 104%.

IPM Suite and Brand Vision continued to deliver positive ARR growth. PictureDesk experienced customer attrition with no new customers added reflecting the challenging market conditions affecting smaller customers in the media and publishing sector.

Customer activity

FADEL secured five new customer relationships during the period.

IPM Suite added Wilson Sports, Peachtree Playthings and The Royal Mint, increasing the number of IPM and LicenSee customers from 27 at 31 December 2025 to 30 at 30 June 2026.

Brand Vision added Bleacher Report and FlexJet. Following one customer loss, the number of Brand Vision customers increased from 16 to 17.

The Group also secured expansions with existing customers, including L'Oréal, Philip Morris, Sanoma, Hasbro, Mad Engine and The Coca-Cola Company. The activity across both new and existing customers demonstrates the continued effectiveness of FADEL's land-and-expand model.

Pipeline and go-to-market activity

The Group has significantly expanded its sales pipeline, with active opportunities across IPM Suite and Brand Vision and across enterprise and mid-market customer segments.

FADEL continued to undertake targeted marketing and business-development activity at licensing and marketing-technology events in the United States and Europe. These activities generated qualified opportunities and increased engagement with the Group's AI-enabled product capabilities.

The pipeline remains subject to the timing and complexity of enterprise purchasing decisions. Accordingly, management continues to maintain a disciplined approach to forecasting and resource allocation while seeking to increase conversion across both new customer and expansion opportunities.

Artificial intelligence and product development

AI continued to be a central element of FADEL's product-development strategy during the period.

In January 2026, the Group announced FADEL AIVA, bringing together its generative, analytical and predictive AI capabilities with purpose-built agents designed for licensing operations, brand governance and marketing compliance workflows.

The Group also announced the go-live of its Product Approval system. The system enables licensors to manage the product approval process within a centralised workflow and incorporates the AIVA Reviewer Agent to assist with the early-stage review of product submissions against relevant brand guidelines and licensing requirements.

In May 2026, FADEL launched AIVA Intelligence. Embedded within IPM Suite and LicenSee, AIVA Intelligence allows users to query contracts, policies and product information using natural language. Its capabilities include access to agreement terms, distribution rights, financial obligations and royalty provisions, with the objective of reducing manual review and improving operational decision-making.

Together, these developments move the Group's AI strategy from underlying analytics and development tools into customer-facing workflows. Management believes this strengthens the relevance and differentiation of FADEL's platforms.

Operational efficiency

The cost-reduction programme, initiated in late 2024, refined in 2025 and continuing in 2026, has created a leaner operating structure while enabling the Group to continue investing in its product roadmap.

Cost of sales benefited from lower reliance on subcontractors and delayed backfilling of certain roles. Operating expenses benefited from lower employee costs, the absence of prior-period severance and strategic-review expenditure, and continued discipline over all expenditures.

Management continues to assess opportunities for further efficiency while selectively investing in initiatives expected to support recurring revenue growth.

Cash and liquidity

Cash and cash equivalents were $1.9 million at 30 June 2026, compared with $1.6 million at 30 June 2025 and $1.9 million at 31 December 2025.

The improved year-on-year cash position reflects the reduction in adjusted EBITDA losses and continued cost discipline. The period-end balance also benefited from the timing of certain payments and collections.

The Group has access to an undrawn $1.0 million credit facility with Bank of America, N.A., which has been renewed through 31 May 2027.

Current trading and outlook

FADEL entered the second half of 2026 with a larger ARR base, an expanded sales pipeline and an operating structure capable of supporting growth from a lower cost base.

Management remains mindful of the timing risk associated with enterprise sales cycles and the broader economic and geopolitical environment. Management will continue to balance investment in sales and product innovation with disciplined cost and cash management.

Based on H1 2026 performance, management expects full-year revenue, adjusted EBITDA loss and cash to be in line with market expectations.

Tarek Fadel
Chief Executive Officer
17 September 2026

FINANCIAL REVIEW

Revenue

Revenue for the first half of 2026 increased by 4% to $4.8 million, compared with $4.7 million in H1 2025.

License and support revenue rose 25% to $3.1 million from $2.4 million in the prior-year period, primarily reflecting new customer wins and upsells completed in the fourth quarter of 2025 that contributed more fully during H1 2026.

Services revenue decreased by 19% to $1.8 million, compared with $2.2 million in H1 2025. The reduction was driven principally by lower services activity, which was expected and consistent with what was discussed in the Group's FY 2025 year-end results.

Beginning with the FY 2025 results, revenue generated from recurring services subscription arrangements is presented within services revenue rather than license and support revenue. Prior-period amounts have been reclassified to conform to this presentation.

Margins

Gross profit increased by 28% to $2.9 million, compared with $2.3 million in H1 2025. Gross margin improved to 61% from 49%, representing an increase of 12 percentage points and a 24% increase relative to the prior-year margin.

The improvement reflected:

- growth in higher-margin license and support revenue;
- lower subcontractor utilisation;
- efficiencies in the Group’s services delivery model; and
- the decision to not seek certain replacement hires.

Cost of sales decreased by approximately $0.5 million year-on-year despite the increase in total revenue.

Operating Expenses

Operating expenses decreased by 15% to $4.1 million, compared with $4.8 million in H1 2025. The reduction was spread across research and development, sales and marketing and general and administrative expenditure.

Principal drivers included lower employee costs, unfilled positions, the absence of severance expenditure incurred in H1 2025, the non-recurrence of a $75,000 strategic-process expense and the timing of certain sales and marketing expenditures.

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 -$1.1 million in 1H26 from -$2.4 million in 1H25, representing a 53% improvement. This improvement principally reflects the increase in gross profit that was driven by a more favourable revenue mix and lower cost of sales, and reduced operating expenses. The Group fully expenses research and development costs incurred under U.S. GAAP, which for 1H26 were $1.4 million (1H25: $1.7 million). This should be considered when comparing FADEL's adjusted EBITDA with businesses that capitalise a portion of development expenditure under IFRS.

	Six months ended 30 June 2026 $	**Six months ended 30 June 2025 $**	**Year ended 31 December 2025 $**
EBITDA	**(1,169,504)**	**(2,530,192)**	**(812,471)**
Adjustments to operating expenses			
Commissions capitalized during the period	(95,126)	(184,057)	(344,947)
Restructuring expenses (1)	-	92,378	92,377
Corporate Strategic Initiatives	-	75,000	75,000
Share based payments	135,932	132,292	246,760
Total Adjustments	40,806	115,613	69,190
Adjusted EBITDA	**(1,128,698)**	(2,414,579)	(743,281)

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

Annual recurring revenue (ARR)

ARR represents the annualised value of recurring licensing subscription and support revenue from active customer contracts at the reporting date. While ARR is a non-US GAAP measure, ARR is a key indicator of the health and growth of the Group's recurring revenue base and provides visibility into future revenue streams.

Starting with 2025 year-end results, ARR includes only recurring licensing subscription and support revenue, excluding recurring services revenue. Prior periods have been reclassified for consistency. This adjustment better aligns with SaaS industry standards and clarifies core software revenue performance.

We report ARR across three categories: IPM Suite (including LicenSee™), Brand Vision, and PictureDesk. ARR increased 11% year-on-year to $9.4 million (H125: $8.4 million). This growth was driven by solid retention, new customer wins and expansion within existing accounts.

ARR	As at 30 June 2026 $	As at 30 June 2025 $	As at 31 December 2025 $
IPM Suite	5,872,263	5,356,455	5,625,862
Brand Vision	2,748,194	2,219,568	2,463,751
Picture Desk	737,097	871,688	814,975
Total	**9,357,554**	**8,447,711**	**8,904,588**

For the 12 months ended 30 June 2026, the Group achieved net revenue retention (NRR) of 104%.

IPM Suite and Brand Vision generated positive ARR growth, which was partially offset by attrition within PictureDesk.

Customer numbers

	As at 30 June 2026	As at 31 December 2025
IPM Suite	30	27
Brand Vision	17	16
PictureDesk	79	91
Total	**126**	**134**

During 1H26, IPM Suite added three customers. Brand Vision added two customers and lost one, while PictureDesk's customer base continued to decline. PictureDesk customers are primarily smaller "Public Cloud" clients, with ARR averaging approximately $4,000 per client. However, the PictureDesk acquisition was principally focused on acquiring its intellectual property, particularly its video-tracking capabilities, which have been successfully integrated into Brand Vision and have materially enhanced its content-tracking functionality.

Cash

Cash and cash equivalents were $1.9 million as of 30 June 2026 and at 31 December 2025. Looking ahead, the Company expects year-end cash to be consistent with market guidance. 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 2027.

Mark Plotkin
Chief Financial Officer
17 September 2026

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

The unaudited Consolidated Statements of Comprehensive Income of the Group for the six-month periods ended 30 June 2026 and 2025, and audited Consolidated Statement of Comprehensive Income of the Group for the year ended 31 December 2025, are set out below:

Continuing operations	***Unaudited*** **Six months ended 30 June 2026 $**	***Unaudited*** **Six months ended 30 June 2025 $**	***Audited*** **Year ended 31 December 2025 $**
Licensing and Support	3,058,749	2,447,743	8,235,003
Services	1,786,726	2,207,279	4,381,436
Total revenue	**4,845,475**	**4,655,022**	**12,616,439**
Cost of fees and services	1,905,012	2,364,047	4,487,028
Gross profit	**2,940,463**	**2,290,975**	**8,129,411**
Research and development	1,387,032	1,699,833	3,089,665
Selling, general and administrative expenses	2,723,411	3,121,335	5,852,217
Depreciation and amortization	301,643	296,549	592,403
Interest expense	21,722	22,379	49,302
Foreign exchange (gains)/losses	9,056	(80,199)	(48,036)
Total operating expenses	**4,442,864**	**5,059,897**	**9,535,551**
Loss before income taxes	**(1,502,401)**	**(2,768,922)**	**(1,406,140)**
Income tax (gain) / expense	71,743	101,139	91,612
Net loss after taxes	**(1,574,144)**	**(2,870,061)**	**(1,497,752)**
Total foreign currency (losses)/gains	(176,455)	405,583	411,599
Total comprehensive loss	**(1,750,599)**	**(2,464,478)**	**(1,086,153)**
Net income attributable to non-controlling interest	(34)	(12)	35
Net loss attributable to the Group	(1,574,110)	(2,870,049)	(1,497,787)
Net loss after taxes	**(1,574,144)**	**(2,870,061)**	**(1,497,752)**
Comprehensive income (loss) attributable to non-controlling interest	(34)	(12)	35
Comprehensive loss attributable to the Group	(1,750,565)	(2,464,466)	(1,086,188)
Total comprehensive loss	(1,750,599)	(2,464,478)	(1,086,153)
Basic and diluted loss per Share ($)	(0.09)	(0.12)	(0.05)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The unaudited Consolidated Statements of Financial Position of the Group as at 30 June 2026 and 2025, together with the audited Consolidated Statement of Financial Position of the Group as at 31 December 2025, are set out below:

	Unaudited **As at 30 June 2026**	***Unaudited*** **As at 30 June 2025**	***Audited*** **As at 31 December 2025**
Assets	**$**	**$**	**$**
Cash and cash equivalents	1,857,292	1,568,893	1,910,755
Account receivable, net	1,246,121	1,215,681	2,051,601
Unbilled work-in-progress	787,270	844,284	1,210,651
Other current assets	320,106	249,477	196,586
Current assets	**4,210,789**	**3,878,335**	**5,369,593**
Intangible assets, net	1,476,922	1,819,106	1,709,311
Goodwill	2,297,094	2,376,613	2,332,185
Furniture, equipment and purchased software	411,238	190,253	174,933
Contract costs	861,502	877,409	900,926
Right-of-use asset	15,279	72,885	44,789
Non-current assets	**5,062,035**	**5,336,266**	**5,162,144**
TOTAL ASSETS	**9,272,824**	**9,214,601**	**10,531,737**
Liabilities			
Accounts payable and accrued expenses	2,521,832	1,929,410	2,433,919
Income tax payable	1,063,438	1,092,962	1,043,368
Deferred revenue	3,733,696	4,117,441	3,266,824
Notes payable – related parties	162,396	162,396	162,396
Current lease liability	15,279	57,607	44,789
Current liabilities	**7,496,641**	**7,359,816**	**6,951,296**
Provisions - End of services indemnity	317,602	308,824	317,602
Deferred revenue	343,252	293,480	532,843
Non-current lease liability	-	15,278	-
Non-current liabilities	**660,854**	**617,582**	**850,445**
Total liabilities	**8,157,495**	**7,977,398**	**7,801,741**
Shareholders' equity			
Common shares	20,231	20,231	20,231
Treasury stock, at cost	(4,876)	(4,876)	(4,876)
Additional paid-in capital	25,975,378	25,724,978	25,839,446
Accumulated deficit	(25,608,911)	(25,407,063)	(24,034,801)
Cumulative translation adjustment	732,423	902,862	908,878
	1,114,245	**1,236,132**	**2,728,878**
Non-controlling interest	1,084	1,071	1,118
Total Shareholders' equity	**1,115,329**	**1,237,203**	**2,729,996**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**9,272,824**	**9,214,601**	**10,531,737**

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 2026 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
	#	$	#	$	#	$	$	$	$	$	$
As at 31 December 2024 (audited)	**-**	**-**	**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)	(4,876)					(4,876)
Stock-based compensation				-			132,292				132,292
Net loss				-				(2,870,049)			(2,870,049)
Foreign exchange translation income				-					405,583		405,583
As at 30 June 2025 (unaudited)	**-**	**-**	**20,231,250**	**20,231**	**(5,555)**	**(4,876)**	**25,724,978**	**(25,407,063)**	**902,862**	**1,071**	**1,237,203**
As at 31 December 2025 (audited)	**-**	**-**	**20,231,250**	**20,231**	**(5,555)**	**(4,876)**	**25,839,446**	**(24,034,801)**	**908,878**	**1,118**	**2,729,996**
Non-controlling interest	-	-	-	-	-	-	-	-	-	(34)	(34)
Common stock repurchased											-
Stock-based compensation	-	-	-	-	-	-	135,932	-	-	-	135,932
Net loss	-	-	-	-	-	-	-	(1,574,110)	-	-	(1,574,110
Foreign exchange translation income	-	-	-	-	-	-	-	-	(176,455)	-	(176,455)
As at 30 June 2026 (unaudited)	**-**	**-**	**20,231,250**	**20,231**	**(5,555)**	**(4,876)**	**25,975,378**	**(25,608,911)**	**732,423**	**1,084**	**1,115,329**

CONSOLIDATED STATEMENTS OF CASH FLOWS

The unaudited Consolidated Statements of Cash Flows of the Group for the six-month period ended 30 June 2026 and 2025, alongside the audited Consolidated Statement of Cash Flows of the Group for the year ended 31 December 2025 are set out below:

	Unaudited **Six months ended 30 June 2026 $**	***Unaudited*** **Six months ended 30 June 2025 $**	**Audited Year ended 31 December 2025 $**
Cash flows from operating activities			
Net loss after taxes	(1,574,144)	(2,870,061)	(1,497,752)
Adjustments to reconcile net loss to net cash from operating activities:			
Depreciation and amortization	301,643	296,549	592,403
Non-cash stock compensation	135,932	132,292	246,760
Non-cash impact of foreign exchange on intangibles	124,036	(354,863)	(340,017)
Changes in assets and liabilities			
Accounts receivable	805,480	623,624	(212,296)
Unbilled work-in-progress	423,381	316,396	(49,971)
Other current assets	(123,520)	26,507	79,398
Capitalization of commissions	(94,980)	(184,057)	(344,947)
Right of use assets	29,510	61,892	89,989
Accounts payable and accrued expenses	87,913	(612,638)	(189,340)
Income Tax Payable	20,070	71,057	21,463
Other Liability	(29,510)	(61,892)	-
Deferred revenue	277,281	1,115,959	504,705
Net cash used in operating activities	**383,092**	**(1,439,235)**	**(1,099,605)**
Purchase of furniture, equipment and software	(260,100)	-	(3,785)
Net cash used in investing activities	**(260,100)**	**-**	**(3,785)**
Repurchases of common stock	-	(4,877)	(4,876)
Proceeds from line of credit	-	-	200,000
Repayment of line of credit	-	-	(200,000)
Net cash from financing activities	**-**	**(4,877)**	**(4,876)**
Effect of exchange rates on cash	(176,455)	405,583	411,599
Net (decrease)/increase in cash and cash equivalents	**(53,463)**	**(1,038,529)**	**(696,667)**
Cash and cash equivalents, beginning of year	1,910,755	2,607,422	2,607,422
Cash and cash equivalents, end of year	**1,857,292**	**1,568,893**	**1,910,755**
Supplemental disclosure of cash flow information			
Cash paid for interest	22,140	20,280	42,957
Cash received from interest	10	152	317
Cash paid for income taxes	53,649	29,192	101,174

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 2026 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 2025 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

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, 100% of Fadel UK and its wholly-owned subsidiary IDS, and 100% of Fadel France. 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 2026, 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 $0.9 million out of a total of $1.9 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 the 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
The Group estimates an allowance for expected credit losses on accounts receivable in accordance with ASC 326-20, *Financial Instruments – Credit Losses*. The estimate is based on historical loss experience, current conditions, and reasonable and supportable forecasts.

Accounts receivable is primarily short-term and derived from a diversified SaaS customer base with historically insignificant credit losses. The Company applies a collective assessment, as receivables share similar risk characteristics.

Given the short duration of receivables and minimal historical losses, the allowance for credit losses is not material to the financial statements. See Note 4 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.

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

1. License Fees (includes basic support)
2. Subscription Services Fees
3. Customer Support
4. Implementation Services

Beginning with the year ended 31 December 2025, the Group has reclassified certain revenue streams such that services revenue now includes revenue generated under recurring services subscription arrangements, which were previously presented within licensing subscription and support revenue. Comparative amounts have been reclassified to conform to the current year presentation. This reclassification has no impact on total revenue, operating profit or net income. Management believes that this presentation is more consistent with industry practice and with how the performance of the business is evaluated.

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 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 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 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
1- SaaS Products	- SaaS Subscriptions - Support - Software Updates	SaaS subscription, support, and software updates are highly interdependent and interrelated, forming a single performance obligation.	Over Time
	- 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 - Hosting	The software license and hosting are highly interdependent and are treated as a single performance obligation.	Over Time
	- 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 Company 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 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 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.

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.

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.

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 Group has three categories of intangible assets:

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 periods covered by the interim information.

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 periods covered by the interim information.

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 recognised 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 periods covered by the interim information.

Research and development costs:

The Group 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 Group 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

The Group’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 services agreements.

As of 31 December 2025, deferred revenue balance was $3,799,667. During the period ended 30 June, 2026, $2,340,046 of this deferred revenue was recognized as revenue.

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 31 December 2025, earned and unbilled balance was $1,210,651. During the period ended 30 June, 2026, $665,343 of the earned and unbilled was billed.

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.

Advertising and promotion costs
Advertising and promotion costs are expensed as incurred. These costs totalled approximately $177,743 for the six-month period ended 30 June 2026 (30 June 2025: $227,248) and $412,300 for the year ended 31 December 2025.

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 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.

Foreign currency amounts denominated in British pounds sterling ("£") and euros ("€") are translated into U.S. dollars ($) using average exchange rates for the periods presented for the Consolidated Statements of Comprehensive Income and Consolidated Statements of Cash Flows, and exchange rates in effect at the balance sheet date for the Consolidated Statements of Financial Position.

In accordance with applicable US GAAP, in 2023, our company transitioned Fadel Lebanon to a $ 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 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 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.

<u>Recently Issued Accounting Pronouncements</u>

The Company adopted ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, effective January 1, 2025. The adoption resulted in expanded income tax disclosures but did not have an impact on the Company's consolidated financial position, results of operations, or cash flows.

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.

In September *2025,* the FASB issued ASU *No. 2025-06,* "*Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software,*" which includes amendments intended to modernize the accounting for software costs by removing references to software development stages and clarifying the capitalization threshold. The amendments are effective for annual periods beginning after December *15, 2027,* and interim reporting periods within those annual reporting periods, with early adoption permitted. The Company is currently evaluating the effect of adopting this ASU on the Company's consolidated financial statements and disclosure.

In *December 2025,* the FASB issued ASU *No. 2025-11,* "*Interim Reporting (Topic 270): Narrow-Scope Improvements,*" which provides amendments intended to clarify interim disclosure requirements and improve the usability and consistency of interim financial reporting. The amendments are effective for public business entities for interim reporting periods within annual reporting periods beginning after *December 15, 2027,* and for all other entities for interim reporting periods within annual reporting periods beginning after *December 15, 2028,* with early adoption permitted. The Company is currently evaluating the effect of adopting this ASU on the Company's disclosure

3. SEGMENTAL REPORTING

The Group reports its business activities in two areas:

- Licensing and support revenue; and
- 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 "licensing and support" (recurring in nature) and "services" (recurring for subscription-based services and non-recurring for implementation and other support services) 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:

	Unaudited Six months ended 30 June 2026 $	Unaudited Six months ended 30 June 2025 $	Audited Year ended 31 December 2025 $
Revenue			
License/subscription			
IPM Suite	1,352,709	978,668	5,185,270
Brand Vision	1,706,040	1,469,075	3,049,733
Total license/subscription	**3,058,749**	**2,447,743**	**8,235,003**
Services	1,786,726	2,207,279	4,381,436
Total Revenues	**4,845,475**	**4,655,022**	**12,616,439**
Cost of sales			
License and support	808,642	690,931	1,312,865
Services	1,096,371	1,673,116	3,174,163
Total cost of sales	**1,905,012**	**2,364,047**	**4,487,028**
Gross profit margins			
Gross profit margin - Licensing and Support	74%	72%	84%
Gross profit margin - Services	39%	24%	28%
Total gross profit margin	**61%**	**49%**	**64%**

** Revenues and cost of sales have been reclassified to conform to the current period revenue presentation.*

4. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

	Unaudited As at 30 June 2026 $	*Unaudited* As at 30 June 2025 $	*Audited* As at 31 December 2025 $
Accounts receivable	1,312,155	1,329,868	2,117,914
Allowance for doubtful accounts	(66,034)	(114,187)	(66,313)
Accounts receivable, net	**1,246,121**	**1,215,681**	**2,051,601**

5. CONTRACT COSTS

Contract costs consist of the following:

	Unaudited As at 30 June 2026 $	*Unaudited* As at 30 June 2025 $	*Audited* As at 31 December 2025 $
Opening balance	**900,926**	**835,521**	**835,521**
Commissions capitalized during the period	94,980	184,057	344,947
Amortization charge for the period	(134,404)	(142,169)	(279,542)
Accumulated contract costs	**861,502**	**877,409**	**900,926**

As of 30 June 2026, 30 June 2025 and 31 December 2025, accumulated amortisation was $2,277,914, $2,006,138 and $2,143,511, 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.

6. FURNITURE, EQUIPMENT AND PURCHASED SOFTWARE

Furniture, equipment and purchased software consist of the following:

	Unaudited As at 30 June 2026 $	*Unaudited* As at 30 June 2025 $	*Audited* As at 31 December 2025 $
Furniture, equipment and purchased software	626,562	367,007	367,113
Accumulated depreciation	(215,324)	(176,754)	(192,180)
Furniture and equipment, net	**411,238**	**190,253**	**174,933**

The total depreciation charge for the six-month period ended 30 June 2026 and 2025 was $23,782, and $16,811, respectively, and $35,530 for the year ended 31 December 2025.

7. 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 underASC 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 2026, 30 June 2025, and 31 December 2025, the Company had approximately $15,279, $72,885 and $44,789, respectively, of operating lease ROU assets and $15,279, $72,885 and $44,789, 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 2026, 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 2026:

		Operating
2026	$	15,279
Total Operating Lease Liabilities	**$**	**15,279**
Less amounts representing interest		-
Present Value of Future Minimum Lease Payments	**$**	**15,279**
Less current maturities	$	15,279
Long-term Lease Liability		**-**

Lease Cost:

		***Unaudited* As at 30 June 2026**		***Unaudited* As at 30 June 2025**	***Audited* As at 31 December 2025**
Operating lease - operating cash flows (fixed payments)	$	30,803	$	30,803	61,605
Weighted average remaining lease term - operating		0.3 years		1.3 years	0.7 years
Weighted average discount rate - operating		10%		10%	10%

8. 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 $43,455 and $49,724 for the six-month period ended 30 June 2026and 30 June 2025, respectively, and $84,421 for the year ended 31 December 2025.

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. The methodology for this estimate incorporates a forfeiture rate of 11.40% for 2025, 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, 2025 the liability to end of services indemnity was $317,602. It will be reviewed and validated at the end of 2026.

9. 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. Advances under the note bear interest at the bank's Prime Rate plus 0.7%. 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.

On April 7, 2026, the facility was renewed and extended through 31 May 2027.

10. COMMON SHARES

The Company has authority to issue 150,000,000 shares at $0.001 par value per Share. As at 31 December 2025 and 30 June 2026, 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.

11. 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.

	Unaudited **Six months ended 30 June 2026**	***Unaudited*** **Six months ended 30 June 2025**	***Audited*** **Year ended 31 December 2025**
Total comprehensive income attributable to Shareholders	(1,750,599)	(2,464,478)	(1,086,153)
Weighted average number of shares	20,231,250	20,225,695	20,231,250
Basic earnings per share ($)	**(0.09)**	**(0.12)**	**(0.05)**

12. STOCK OPTION PLANS:

The Group maintains equity incentive plans to provide stock-based compensation to employees and directors.

The 2014 Equity Incentive Plan authorized 1,620,366 shares for issuance. Options under this plan generally vest over three to four years. Following the Company's admission to AIM in April 2023, no further grants are expected under this plan. As at 30 June 2026 and 31 December, 2025, 155,608 and 195,608 options, respectively, remained outstanding.

On April 2, 2023, the Group adopted the 2023 Equity Incentive Plan, which supersedes the 2014 plan. Options granted under this plan vest over four years, have a contractual term of up to ten years, and are issued at an exercise price not less than fair market value on the grant date. During the year ended 31 December, 2025, 285,712 options were granted, and 1,327,750 options were outstanding at year end. During the period ended 30 June, 2026, 394,581 options were granted and 1,722,331 options were outstanding at 30 June 2026.

In addition, the Group has 576,924 non-plan options outstanding as of 30 June 2026, with an exercise price of £1.44 per share and a ten-year term.

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 six-month ended 30 June 2026	**For the year ended 31 December 2025**
Estimated dividend yield	0%	0%
Expected stock price volatility	41%	41%
Risk-free interest rate	3.95%	3.88%
Expected life of option (in years)	7	7
Weighted-average fair value per share	$0.45	$0.43

The assumptions were based on the following for each of the periods presented:

Expected dividend yield -The Company has never declared or paid any cash dividends and does not anticipate paying cash dividends in the foreseeable future, and, therefore, used an expected dividend yield of zero in the valuation model.

Expected stock price volatility -Because the Company had limited trading history by which to determine the volatility of its own common stock price, the expected volatility being used is derived from the historical stock volatilities of a representative industry peer group of comparable publicly listed companies over a period approximately equal to the expected term of the options.

Risk-free interest rate-The risk-free interest rate is based on U.S. Treasury issues with remaining terms similar to the expected term on the options.

Expected life of option-The expected term represents the period that the Company's stock-based awards are expected to be outstanding. The Company determined the expected term using the simplified method. The simplified method calculates the expected term as the average of the time-to-vesting and contractual terms of the stock-based award.

Aggregate intrinsic value-Represents the total intrinsic value of in-the-money options at the reporting date, calculated as the difference between the share price and exercise price, multiplied by the number of options, and presented in thousands. The Aggregate Intrinsic Value was $177,561 as of 30 June,2026 and was $122,022 for the year ended 31 December 2025.

A summary of the status of the Group's option plans for the period as of 30 June 2026 is as follows:

	2014 plan		Non-plan		2023 plan		Total	
Options outstanding	**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**
As at 31 December 2025	**195,608**	**$0.97**	**576,924**	**$1.78**	**1,327,750**	**$1.53**	**2,100,282**	**$1.55**
Granted	-	$0	-	$0	394,581	$1.38	394,581	$1.38
Exercised	-	$0	-	$0	-	$0	-	$-
Forfeited or expired	(40,000)	$0.99	-	$0	-	$0	(40,000)	$0.99
As at 30 June 2026	**155,608**	**$0.99**	**576,924**	**$1.78**	**1,722,331**	**$1.38**	**2,454,863**	**$1.45**
Exercisable as at 31 December 2025	195,068	$0.97	576,924	$1.78	624,254	$1.76	1,396,786	$1.66
Exercisable as at 30 June 2026	**155,608**	**$0.99**	**576,924**	**$1.78**	**780,572**	**$1.72**	**1,513,104**	**$1.67**

Forfeiture rate-The Company estimates forfeitures at the grant date based on expected employee attrition over the vesting period. Options are subject to service conditions and are forfeited if employment terminates prior to vesting. The estimated forfeiture rate reflects the pattern of expected employee departures over the vesting period and is revised, if necessary, in subsequent periods to reflect actual forfeiture experience.

Stock option expense was $135,932 for the period 30 June 2026 and was $246,760 for year ended 31 December 2025. Unrecognized compensation expense related to share options which will be recognized through the second half of 2026 was $135,931 as at 30 June 2026, compared to $ 238,784 as at 31 December 2025.

13. Related Parties

Notes Payable

In April 2023, the Company entered into an unsecured, non-interest-bearing loan agreement with its Chief Executive Officer, Tarek Fadel. As of 30 June 2026 and 2025, and 31 December, 2025, the outstanding balance on the loan was $162,396.

The loan is repayable only upon the Company issuing new shares at or above a specified price.

14. Concentration of Credit Risk

Billed accounts receivable and concentrations of credit risk

As at 30 June 2026, there were three significant customers (defined as contributing at least 10%) that accounted for 67% of accounts receivable.

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 31 December 2025, there were three significant customers (defined as contributing at least 10%) that accounted for 47% of accounts receivable.

Unbilled work-in-progress and concentrations of credit risk

As at 30 June 2026, there were three significant customers (defined as contributing at least 10%) that accounted for 92% of unbilled work-in-progress.

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 31 December 2025, there were four significant customers that accounted for 87% (15%, 18%, 24% and 30%) of unbilled work-in-progress.

Accounts payable and concentrations of credit risk

As at 30 June 2026, there was one significant vendor (defined as contributing at least 10%) that accounted for 25% of accounts payable.

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

As at 31 December 2025, there were two significant vendors (defined as contributing at least 10%) that accounted for 47% of accounts payable.

Revenue concentrations

In the six-month period ended 30 June 2026, the five largest customers accounted for $2,058,071 of revenue, some 42% of revenue from continuing operations.

In the six-month period ended 30 June 2025, the five largest customers accounted for $2,207,494 of revenue, some 47% of revenue from continuing operations.

During 2025, the five largest customers accounted for an aggregate of $6,010,931 of revenue, some 48% of revenue from continuing operations.

15. TREASURY SHARES (AT COST)

During the year ended 31 December 2025, the Company repurchased 5,555 shares of its common stock for an aggregate purchase price of $4,786. The shares are recorded as treasury stock and may be reissued for general corporate purposes, including equity compensation plans. As of 30 June 2026, the Company held 5,555 shares in treasury.

16. Subsequent Events

Management has evaluated the subsequent events for disclosure in these consolidated financial statements through 17 September 2026, 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.