EBO LTD

Reg. No: C-84916

Report and Financial Statements

31 December 2023

Contents

Company information

Directors	Dr Giuseppe Giovanni Gatt Mr Ian Castillo Eng. Christian Sammut
Secretary	Dr Giuseppe Giovanni Gatt
Company Number	C-84916
Registered Office	Vison Exchange Building Territorials Street, Zone 1 Central Business District Birkirkara CBD 1070 Malta
Auditors	FACT Audit Cornerline Dun Karm Street Birkirkara BKR 9039 Malta

Directors' report

The directors presents their report and the Company's audited financial statements for the year ending 31 December 2023.

Incorporation and principal activities

The Company was incorporated in Malta on 14 February 2018 with a view to offer solutions exploiting the capabilities of Artificial Intelligence. EBO's solution principally targets the Healthcare, and Financial Services sectors in Europe. The core offering relates to the provision of a Platform with specific capabilities in Enterprise Conversation management, AI training, interoperability hooks, human-handover and collaboration capabilities, top-notch security infrastructure and a dashboard with business insights and analytics. In turn the Platform is applied to specific use-cases in a vertical sector, with unique industry training models and workflows and is then configured and implemented as an enterprise Product. The core solution is so seamless for the human citizen benefitting from the EBO offering that the solution is indistinguishable from the experience of interacting with human resources.

Elevating EBO's Impact in the Evolving European Healthtech Landscape

In 2023, EBO solidified its position as a leader in the UK healthcare market by advancing patient engagement through its user-friendly and secure Artificial Intelligence (AI) technology platform. The AI-driven solution enables seamless patient interactions with healthcare providers across diverse digital platforms without demanding extensive digital skills from patients. This innovation addresses the critical challenge of managing increased administrative workloads due to staffing shortages while enhancing operational efficiency and patient care quality.

The impact of EBO’s AI solution has expanded within the UK’s National Health Service (NHS), demonstrating significant value in Ireland, Wales and England. Key new wins in this segment include Enterprise Accounts with: Oxford Health NHS Foundation Trust Partnership, Berkshire Healthcare NHS Foundation Trust Partnership, NHS Birmingham Women and Children's Hospital, NHS Barnet, Enfield and Haringey Mental Health NHS Trust, Lancashire and South Cumbria NHS Foundation Trust, North East London Foundation Trust, NHS Hertfordshire Partnership University, Buckinghamshire NHS Trust, and Betsi Cadwaladr University Health Board in Wales.

Responding to Healthtech's Growth Momentum

The healthtech sector in the UK and the EU has witnessed unprecedented growth, primarily fuelled by the integration of conversational AI technologies, such as those at the core of EBO’s offering. This trend underscores AI's transformative role in healthcare, offering EBO vast opportunities for expansion and innovation. The European Union's European Health Data Space initiative is a testament to the region's commitment to leveraging AI for healthcare excellence, presenting EBO with substantial market opportunities for its differentiated offerings.

Advancing Intellectual Property for Market Leadership

EBO’s primary focus remains steadfast; the development of Intellectual Property (IP) that is distinctly competitive, placing EBO at the forefront of AI-driven innovation, poised for sustained growth and success. This focus is dependant on the component-based-development approach of a single-asset platform through the integration of functionalities which generate future economic benefits. This aligns with industry best practices for scaleable solutions in fintech and healthtech.

EBO's investment in its IP has been instrumental in distinguishing its offerings in the healthtech landscape. EBO’s advancements in 2023 include:

- Introducing an Intelligent Patient Portal (IPP) offering which fuses traditional web technologies with advanced AI Human-Language-Technology. At its core, IPP is a convergence of automation and conversational AI, making the system not just a portal, but an intelligent companion for healthcare providers and patients alike. With its multi-language support through text and speech EBO is enhancing patient engagement and inclusivity like never before.

- Introducing an AI-based Patient Waiting List Validation tool to assist in national campaigns to validate and reduce citizen waiting times to access care services.

Directors' report

- Pre-trained linguistic models to support over 100 languages, addressing the needs of increasingly multilingual societies.
- Increasing interoperability with enterprise systems like Electronic Health Records, enabling personalised and context-aware conversations.
- Developing new use-cases to position EBO's solution as the digital front door for organisations striving for digital transformation.

EBO's strategic focus on sourcing specialist talent directly from its target markets has facilitated the development of innovations that directly address the needs of NHS Trusts, further solidifying a competitive edge by staying ahead of emerging trends, delivering efficient solutions, enhancing security and privacy, and ensuring scalability and flexibility to meet evolving market needs.

Subsequently EBO has been accepted by the UK Government into the NHS Shared Business Services (NHS SBS) framework.

Sustaining Growth in the Financial Services Sector
In the financial services realm, EBO has maintained positive momentum with further expansions into Eastern Europe and particularly, Greece. EBO's AI-driven solution has proven invaluable in enhancing customer engagement, operational efficiencies, and personalised service delivery in banking, insurance, and FX trading.

In the insurance sector, EBO's work for insurance-giant ERGO, has been awarded the GOLD in the "Artificial Intelligence" category at the prestigious PPC BITE Awards 2023 hosted by the Ministry of Digital Governance in Greece.

EBO's solution is in strict compliance with EU regulations, adding an extra layer of reliability and governance, which scales according to enterprise needs. One notable advancement achieved by EBO in 2023 pertains to the development of an AI analytics component that provides a comprehensive overview of customer interactions and system performance, aiding in data-driven decision-making.

Strategic Intellectual Property Development: Elevating EBO's Competitive Edge through Innovation
EBO has engineered a single AI platform with the versatility to seamlessly adapt to various sectors, as evidenced by its competitive edge in both the healthtech and financial services sectors. The augmentation of EBO's IP strategy is guided by insights from academic research, emphasising the value of innovation in achieving market differentiation and enhancing user engagement. Thus, the continued investment in EBO's IP is essential to market Innovation, which is centred on leading with dedicated Product Development, focusing on untapped needs to enhance technology frontiers.

EBO's solution distinguishes itself from other solutions in the market through a combination of innovative features. The advanced security and privacy features in-built into EBO's solution exceed regulatory expectations, setting EBO apart in data-sensitive sectors. Through close collaboration with the market, the development of EBO's solution is informed by customer feedback, allowing for scalability and adaptability which in turn ensures long-term relevance. Moreover, strategic partnerships expand data access and leverage ecosystem strengths for the development of an advanced and holistic solution that is interoperable.

Recognition and Financial Growth
EBO's commitment to excellence was recognised through prestigious accreditations, including the ISO27001 certification and the UK Government's GCloud-13 framework. NHS Digital also awarded EBO the DSPT certificate, recognising EBO's sustained dedication to Data Security and Privacy.

IDC (a premier global provider of market intelligence on IT) mentioned EBO in a research paper on technology for smart islands, as a best-practice example of AI in healthtech.

The company's strong financial performance reflects our strategic growth:
- EBO's revenue grew by 120% from €950,840 in 2022 to €2,089,607 in 2023
- EBO's gross profit grew by 161% from €743,645 in 2022 to €1,943,374 in 2023
- EBO's EBITDA grew by 415% from €279,858 in 2022 to €1,441,789 in 2023

Directors' report

Performance review
During the year under review, the Company generated income of €2,089,607 (2022: €950,840), a growth of 120% on the previous year. After deducting cost of sales of €146,233 (2022: €207,195), the Company reports a gross profit of €1,943,374 (2021: €743,645).

After adding other income and deducting amortisation, depreciation, administrative expenses, selling and marketing expenses, and net finance costs, the Company registered a profit before tax of €1,060,588 (2022: €21,193). The Company's intangible asset increased substantially due to EBO's investment in its IP, resulting in a carrying amount as at 31 December 2023 of €2,633,243 (2022: €1,612,036).

Principal risks and uncertainties
Note 23 to the financial statements provides details in connection with the Company's use of financial instruments, its financial risk management objectives and policies and the financial risks to which it is exposed.

Results and dividends
The result for the year ended 31 December 2023 is shown in the Statement of comprehensive income on page 9. The profit for the year after deferred tax charge is €694,516 (2022: €13,757). The directors do not recommend payment of a dividend.

Future Developments
As we move forward, EBO is poised to drive the accelerated adoption of AI in healthcare and financial services, supported by public policies and a global shift towards digital transformation. EBO's dedication to innovation in conversational AI technologies will continue to improve citizen engagement and outcomes, underpinning EBO's growth and commitment to delivering value to stakeholders.

Directors
The directors who served during the year were :
Mr Ian Castillo
Dr Giuseppe Giovanni Gatt
Eng. Christian Sammut
In accordance with the Company's Articles of Association, the directors are to remain in office.

Significant events
The effects of significant events are described in note 24 to the financial statements.

Directors' report

Directors' responsibilities
Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of the affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:
- adopt the going concern basis unless it is inappropriate to presume that the Company will continue in the business;
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- account for income and charges relating to the accounting period on the accruals basis;
- value separately the components of asset and liability items; and
- report comparative figures corresponding to those of the preceding accounting period.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act (Cap. 386) enacted in Malta. This responsibility includes designing, implementing and maintaining such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error. The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors
FACT Audit have intimated their willingness to continue in office as auditors of the Company and a resolution proposing their re-appointment will be put to the forthcoming General Meeting.

Approved by the Board on 10 May 2024 and signed on its behalf by :

Mr Ian Castillo	**Dr Giuseppe Giovanni Gatt**
Director	**Director**

Independent auditor's report to the members of the Company

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of EBO Ltd (the Company), set out on pages 9 to 38, which comprise the statement of financial position as at 31 December 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and have been properly prepared in accordance with the requirements of the Companies Act (Cap. 386).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in accordance with the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) in Malta, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information comprises the information included in the 'Company information' and in the 'Directors' Report' but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

With respect to the Directors' report, we also considered whether the Directors' report includes the disclosure requirements of Article 177 of the Maltese Companies Act (Cap.386).

In accordance with the requirements of sub-article 179(3) of the Maltese Companies Act (Cap. 386) in relation to the Directors' report on pages 2 - 5, in our opinion, based on the work undertaken in the course of the audit:

Independent auditor's report to the members of the Company

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' report.

Responsibilities of the directors

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs as adopted by the EU, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Independent auditor's report to the members of the Company

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

We are required to express an opinion as to whether the directors' report has been prepared in accordance with the applicable legal requirements. In our opinion the directors' report has been prepared in accordance with the Companies Act. In addition, in the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Directors' report. We have nothing to report in this regard.

Under the Maltese Companies Act, Cap. 386 we are also obliged to report to you if, in our opinion:
- The information given in the directors' report is not consistent with the financial statements.
- Adequate accounting records have not been kept, or that returns adequate for our audit have not been received from branches not visited by us.
- The financial statements are not in agreement with the accounting records and returns.
- We have not received all the information and explanations we require for our audit.

We have nothing to report to you in respect of these responsibilities.

Matthew Sapiano
Partner for, and on behalf of,
FACT Audit
Registered Auditor
Cornerline
Dun Karm Street
Birkirkara BKR 9039
Malta
Date : 10 May 2024

Statement of comprehensive income

	Note	2023 €	2022 €
Turnover	5	**2,089,607**	950,840
Cost of sales		**(146,233)**	(207,195)
Gross profit		**1,943,374**	743,645
Gain on disposal of investments		**-**	1,676
Loss on change in fair value of investments		**-**	(2,600)
Other income		**27,497**	25,328
Selling and marketing expenses		**(151,113)**	(100,710)
Administrative expenses		**(377,969)**	(387,481)
Profit before interest, tax, depreciation and amortisation		**1,441,789**	279,858
Amortisation of intangible assets		**(345,012)**	(208,391)
Depreciation		**(2,099)**	(6,581)
Net finance costs	6	**(34,090)**	(43,693)
Profit before taxation	7	**1,060,588**	21,193
Taxation	10	**(366,072)**	(7,436)
Profit after taxation		**694,516**	13,757
Other comprehensive income		-	-
Total comprehensive income for the year		**694,516**	13,757

The notes on pages 13 to 38 form an integral part of these financial statements.

Statement of financial position

	Note	**2023** €	2022 €
ASSETS			
Non-current assets			
Intangible assets	11	**2,633,243**	1,612,036
Investment in subsidiary	12	**494,218**	494,218
Plant and equipment	13	**2,867**	2,931
Accrued income	16	**178,653**	187,250
Deferred taxation	14	**462,892**	828,964
		3,771,873	3,125,399
Current assets			
Financial assets at fair value through profit or loss	15	**-**	-
Trade and other receivables	16	**1,683,335**	566,609
Cash and cash equivalents	21	**129,698**	44,617
		1,813,033	611,226
Total assets		**5,584,906**	3,736,625
EQUITY AND LIABILITIES			
Equity			
Called up issued share capital	17	**2,882,000**	776,471
Share premium account	17	**-**	2,105,529
Profit and loss account		**(457,036)**	(1,151,552)
Total shareholders' equity		**2,424,964**	1,730,448
Liabilities			
Non-current liabilities			
Borrowings	18	**1,874,690**	652,897
Trade and other payables	19	**43,402**	-
		1,918,092	652,897
Current liabilities			
Borrowings	18	**930,770**	1,006,399
Trade and other payables	19	**311,080**	346,881
		1,241,850	1,353,280
Total liabilities		**3,159,942**	2,006,177
Total equity and liabilities		**5,584,906**	3,736,625

The financial statements on pages 9 to 38 were approved by the Board and signed on its behalf on 10 May 2024.

Mr Ian Castillo
Director

Dr Giuseppe Giovanni Gatt
Director

The notes on pages 13 to 38 form an integral part of these financial statements.

Statement of changes in equity

	Note	Share capital €	Share premium €	Profit and loss account €	Total €
At 1 January 2023		776,471	2,105,529	(1,151,552)	1,730,448
Issue of shares	17	2,105,529	(2,105,529)	-	-
Comprehensive income					
Profit for the year		-	-	694,516	694,516
At 31 December 2023		**2,882,000**	**-**	**(457,036)**	**2,424,964**
At 1 January 2022		676,471	2,105,529	(1,165,309)	1,616,691
Issue of shares	17	100,000	-	-	100,000
Comprehensive income					
Profit for the year		-	-	13,757	13,757
At 31 December 2022		**776,471**	**2,105,529**	**(1,151,552)**	**1,730,448**

Statement of cash flows

	Note	**2023**	2022
		€	€
Cash flows from operating activities			
Profit before taxation		**1,060,588**	21,193
Depreciation & amortisation		**347,111**	214,972
Gain on disposal of investments		**-**	(1,676)
Movements in fair value of financial assets at fair value through profit and loss		**-**	2,600
Operating profit before changes in working capital		**1,407,699**	237,089
Movement in receivables		**(202,105)**	(164,072)
Movement in payables		**7,601**	140,356
Cash generated from operations		**1,213,195**	213,373
Taxation paid		**-**	-
Net cash generated from operating activities		**1,213,195**	213,373
Cash flows from investing activities			
Purchase of property, plant and equipment		**(2,035)**	(2,686)
Proceeds on sale of financial assets at fair value through profit and loss		**-**	86,676
Additions to intangible assets		**(1,366,219)**	(1,019,522)
Net cash used in investing activities		**(1,368,254)**	(935,532)
Cash flows from financing activities			
Movement in balances with related parties		**(784,396)**	(123,439)
Movement in bank facilities		**1,253,104**	713,191
Payment of third party loans		**(222,063)**	-
Proceeds from issue of shares		**-**	100,000
Net cash generated from financing activities		**246,645**	689,752
Net movement in cash and cash equivalents		**91,586**	(32,407)
Cash and cash equivalents at beginning of the year	21	**38,112**	70,519
Cash and cash equivalents at end of the year	21	**129,698**	38,112

Notes to the financial statements

1. Statutory information

EBO Ltd is a limited liability company incorporated in Malta. The Company is principally engaged in software development and licensing the software together with the provision of hosting services and support services related to the software licensed to clients across various industries.

2. Basis of preparation

2.1. Statement of compliance

The financial statements have been prepared and presented in accordance with the requirements of the International Financial Reporting Standards as adopted by the EU and in compliance with the Companies Act, Cap.386, enacted in Malta. Consolidated financial statements have not been prepared, since the Company and its subsidiary qualify as a small group, and, as such, are entitled to exemption, under section 173 of the Companies Act from the preparation of consolidated accounts. These financial statements therefore represent the separate financial statements of the Company.

2.2. Basis of measurement

The financial statements have been prepared on the historical cost basis.

2.3. Functional and presentation currency

The financial statements are presented in Euro (€), which is the Company's functional currency. Transactions denominated in foreign currencies are converted to the functional currency at the rates of exchange ruling on the dates on which the transactions first qualify for recognition. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Foreign currency differences arising on retranslation are recognised in profit or loss.

2.4. Use of estimates and assumptions

The preparation of financial statements in conformity with International Financial Reporting Standards as adopted by the EU requires management to make judgements, estimates and assumptions that affect the application of accounting policies and their reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In the opinion of the directors, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult to reach, subjective or complex to a degree which would warrant their description as significant and critical in terms of the requirements of IAS 1 'Presentation of Financial Statements'.

Significant increase in credit risk

Expected credit losses (ECL) are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative reasonable and supportable forward-looking information.

2.4. Use of estimates and assumptions (continued)

Estimation uncertainties
The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Calculation of loss allowance
When measuring ECL, the Company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

3. Material accounting policies

3.1. Intangible assets

An intangible asset is recognised only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. An intangible asset is initially measured at cost, comprising its purchase price and any directly attributable cost of preparing the asset for its intended use.

Intangible assets are subsequently carried at cost less any accumulated amortisation and any accumulated impairment losses. Amortisation is calculated to write-down the carrying amount of the intangible asset using the straight-line method over its expected useful life of 10 years (up to 31 December 2021, the expected useful life was 5 years). The effect of the change in this accounting estimate (the increase in the expected useful life from 5 years to 10 years) is recognised prospectively with effect from 1 January 2022. Amortisation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale or the date that the asset is derecognised.

3.2. Investment in subsidiary

A subsidiary is an entity that is controlled by the Company. The Company controls an investee when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Investment in subsidiary is initially measured at cost. After initial recognition, the investment in subsidiary is measured using the cost method. Under the cost method, the investment in subsidiary is measured at cost less accumulated impairment losses. Distributions received from the subsidiary are recognised as investment income in profit or loss when the Company's right to receive the dividend is established.

3.3. Plant and equipment

The cost of an item of plant and equipment is recognised as an asset when it is probable that the future economic benefits that are associated with the asset will flow to the entity and the cost can be measured reliably.

Plant and equipment are initially measured at cost and are subsequently stated at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the asset and restoring the site on which it is located.

Subsequent costs are included in the asset's carrying amount, or recognised as separate assets, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company, and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit and loss account during the financial period in which they are incurred.

On disposal or retirement of an item of plant and equipment, the difference between the net disposal proceeds and its carrying amount is recognised in profit or loss as other income or other loss.

Depreciation is provided on a straight line basis at rates calculated to write off the cost less residual value of each asset over its expected useful life. The asset's residual value and useful lives are reviewed, and adjusted if appropriate, at each year end. The estimated used lives are as follows:

Computer equipment	4 years
Furniture and fittings	5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.4. Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3.4. Financial instruments (continued)

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Trade and other receivables
Trade and other receivables are classified with current assets and are stated at their nominal value (unless the effect of discounting is material, in which case trade receivables are measured at amortised cost using the effective interest method) less loss allowance. See further information below for a description of the Company's impairment policies.

Classification and measurement of other financial assets
Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Company may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and

- the Company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

3.4. Financial instruments (continued)

Amortised cost and effective interest method
The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income from financial assets measured at amortised cost is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Impairment of financial assets
Equity instruments are not subject to impairment under IFRS 9.

The Company always recognises lifetime ECL for trade receivables and contract assets. The ECL on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

3.4. Financial instruments (continued)

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant increase in credit risk
In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

3.4. Financial instruments (continued)

Despite the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

1. The financial instrument has a low risk of default,
2. The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
3. Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Company considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there are no past due amounts.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default
The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets
A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;
(b) a breach of contract, such as a default or past due event (see (ii) above);
(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
(e) the disappearance of an active market for that financial asset because of financial difficulties.

3.4. Financial instruments (continued)

(iv) Write off policy
The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(v) Measurement and recognition of expected losses
The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described previously. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Derecognition of financial assets
The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

3.4. Financial instruments (continued)

Financial liabilities and equity

Classification as debt or equity
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Ordinary shares issued by the Company are classified as equity instruments.

Financial liabilities

Trade and other payables
Trade and other payables are classified with current liabilities (unless they do not fall due within 1 year from the end of the reporting period, in which case they are classified with non-current liabilities) and are stated at their nominal value, unless the effect of discounting is material, in which case trade payables are measured at amortised cost using the effective interest method.

Other financial liabilities
Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method unless the effect of discounting is immaterial.

Derecognition of financial liabilities
The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3.5. Leased assets

IFRS 16 requires a lessee to recognise a right-of-use asset and a lease liability. However, as permitted by IFRS 16, the Company elected not to recognise a right-of-use asset and lease liability for its short-term lease agreement (a lease agreement for the use of a business office which meets the definition of a short-term lease under IFRS 16) and lease of assets that are of low value (lease agreements for the use of computer equipment which are assessed by the Company as assets of low value under IFRS 16). The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.6. Impairment of non-financial assets

The carrying amount of the Company's non-financial assets, other than investment property, if any, are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss.

3.7. Employee benefits

The Company contributes towards the State pension defined contribution plan in accordance with local legislation and to which it has no commitment beyond the payment of the fixed contributions. Obligations for such contributions are recognised as an expense in profit or loss or capitalised as intangible assets during the year these are incurred.

3.8. Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, demand deposits and short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the cash flow statement and are presented in current liabilities on the statement of financial position.

3.9. Borrowing costs

Borrowing costs are interest and other costs that a company incurs in connection with the borrowing of funds. These borrowing costs may include interest expenses, finance charges, and any other costs directly attributable to the acquisition or construction of qualifying assets.

Borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset are capitalised as part of the cost of that asset. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. Qualifying assets may include the development of software, hardware, or other long-term projects directly related to the Company's technology operations.

Borrowing costs eligible for capitalisation are those that are directly attributable to the acquisition, construction, or production of a qualifying asset. These costs include interest expense on specific borrowings related to the qualifying asset.

Capitalisation of borrowing costs commences when:

- Expenditures for the asset are being incurred.
- Borrowing costs are being incurred.
- Activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation ceases when substantially all the activities necessary to prepare the asset for its intended use or sale are complete. This typically coincides with the completion of the development or production phase of the software, hardware, or other tech-related project.

3.10. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the rendering of services in the ordinary course of the Company's activities, net of value added tax. Revenue is recognised to the extent that it is probable that future economic benefits will flow to the Company and these can be measured reliably. The following specific criteria for each of the activities described below must also be met before revenue is recognised:

3.10.1. Rendering of services

Revenue mainly represents income earned for the implementation and licensing of software. During the previous years up to year ended 31 December 2022, revenue related to licensing of software and professional services used to be recognised over time. Revenue related to licensing of software and professional services used to be recognised over the period commencing on the effective date (date when the contract is signed) and ending on the first day of the subscription term (the first day on which the software is fully functional, being also the date of acceptance by the user). The licensing of the software and professional services were considered to be highly integrated and considered as one performance obligation as the customers of the Company could not benefit from the subscription licence without professional services.

Due to the Company's evolution in its service offerings and business conduct, licensing and professional services are no longer offered with a high degree of integration as the Company is now able to provide its customers with a copy of the IP who can begin to use and benefit from the license immediately upon the signing of a contract. Therefore, the license and professional services are now completely separate and independent from each other, and these comprise distinct performance obligations.

Therefore, as from 1 January 2023 revenue related to licensing of software is recognised at a point in time (once transfer of control of the license has occurred) and revenue related to professional services is recognised over time (from effective date of contract to date of completion of professional services), the latter being the same as prior to year 2023. This is not a change in accounting policy as defined by IAS 8 since the application of this accounting policy was introduced in view of the change in substance of the conditions/business conduct as explained above. Additionally, there has been no significant effect upon the introduction of this policy, since although licensing revenue was previously recognised over time, the period was usually a short period and often did not straddle from one financial year to another.

Revenue related to other services is recognised when such services have been rendered or over the period of the subscription.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction prices needs to be allocated (e.g., warranties, customer loyalty points). In determining the transaction price for the sale, the Company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration and consideration payable to the customer (if any). The transaction price follows a fee structure which is known at the effective date of the contract and thus no significant estimates are required in this respect.

3.10.2. Contract balances

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

3.11. Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet liability method, providing for temporary difference between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantially enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.12. Government grants

Government grants are assistance by government, inter-governmental agencies and similar bodies whether local, national or international, in the form of cash or transfers of assets to the Company in return for past or future compliance with certain conditions relating to operating activities of the Company. Government grants are recognised when there is reasonable assurance that the Company will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised in the income statement so as to match them with the expenditure towards which they are intended to contribute. Any grants relating to future periods are recognised as deferred income. Any grants meeting the recognition criteria but not yet received are credited to the income statement and recognised as accrued income.

4. Initial application of a standard and International Financial Reporting Standards in issue

New and amended IFRS Accounting Standards that are effective for the current year

During the year ended 31 December 2023, the Company has applied a number of new and amended IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) and adopted by the EU that are mandatorily effective in the EU for an accounting period that begins on or after 1 January 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

- IFRS 17 Insurance Contracts (including the June 2020 and December 2022 Amendments to IFRS 17). No impact.

- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements - Disclosure of Accounting Policies

  The Company has adopted the amendments to IAS 1 for the first time in the current year. The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

  The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

  The IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates. No impact.

- Amendments to IAS 12 Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction. No impact.

- Amendments to IAS 12 Income Taxes - International Tax Reform - Pillar Two Model Rules. No impact.

Initial Financial Reporting Standards in issue but not yet effective

The directors anticipate that the adoption of International Financial Reporting Standards that were in issue at the date of authorisation on these financial statements, but not yet effective, will have no material impact on the financial statements of the Company in the period of initial application.

4. Initial application of a standard and International Financial Reporting Standards in issue (continued)

New and revised IFRS Accounting Standards issued by the IASB but not yet adopted by the EU
The directors do not expect that the adoption of the amendments will have a material impact on the financial statements of the Company in future periods, except if indicated below.

5. Turnover

	2023	2022
	€	€
Subscription license	**584,955**	321,668
Professional services	**114,204**	171,159
Distribution fee	**1,355,608**	431,057
Cloud hosting services	**14,855**	10,472
Support and maintenance services	**19,985**	16,484
Revenue from contracts with customers	**2,089,607**	950,840

5.1. Performance obligations

Information about the Company's performance obligations are summarised below:

Subscription license and professional services
During the previous years up to year ended 31 December 2022, the performance obligation is satisfied over-time on the basis that license subscription and professional services are highly integrated. The period of time over which revenue is recognised starts on the effective date and ends on the first day of the subscription term (i.e. date of user acceptance). Payment is generally due upon completion of contract milestones (for professional services) and monthly (for licensing fees).

In view of the changes described in note 3.10.1 as from 1 January 2023 revenue related to licensing of software is recognised at a point in time (once transfer of control of the license has occurred) and revenue related to professional services is recognised over time (from effective date of contract to date of completion of professional services), the latter being the same as prior to year 2023.

Distribution fee
The performance obligation is satisfied over time, through making available on a continuous basis, copies/instances of the Company's software for the subsidiary company to sell or distribute as reseller to end users or third parties without altering, modifying or claiming ownership of the software. The revenue arising to the Company is based on the sales of the subsidiary company and is calculated by applying an agreed percentage to the revenue recognised by the subsidiary company.

5.1 Performance obligations (continued)

Cloud hosting services
The performance obligation is satisfied over time. The period of time over which revenue is recognised starts on the first day of the subscription term and ends on the last day of the subscription term.

Support and maintenance services
The performance obligation is satisfied over time. The period of time over which revenue is recognised starts on the first day of the subscription term and ends on the last day of the subscription term.

6. Net finance costs

	2023	2022
	€	€
Net interest on bank borrowings and other liabilities	**34,090**	43,693

7. Profit before taxation

	2023	2022
	€	€
This is stated after charging:		
Auditor's remuneration	**6,000**	6,000
Depreciation of plant and equipment	**2,099**	6,581
Amortisation of intangible assets	**345,012**	208,391
Director's remuneration	**116,714**	114,967
Lease expense	**43,230**	50,174

8. Government grants

During the year ended 31 December 2023, the Company acquired government grants in the form of investment aid and other cash grants amounting to €24,267 (2022: subsidy on interest of €5,627), which amount is included in 'Other income'.

9. Employees

Number of employees

The average number of employees during the year was 9 (2022: 11). At the end of the reporting period, the company had 10 employees (2022: 9).

The following is a summary of the payroll costs for the year (excluding any costs recharged from related parties) and reported under:

	2023	2022
	€	€
Cost of sales	**41,995**	112,779
Administrative expenses	**157,521**	190,253
Selling and marketing expenses	**50,141**	29,820
	249,657	332,852
Capitalised under Intangible assets	**304,631**	271,928
	554,288	604,780

10. Taxation

No current year taxation has been provided in these financial statements as no current year tax charge resulted for the year ending 31 December 2023. The deferred tax movements for the year are as follows:

	2023	2022
	€	€
Deferred tax charge	**366,072**	7,436

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	2023	2022
	€	€
Profit before taxation	**1,060,588**	21,193
Theoretical tax charge at the standard rate of 35%	**371,206**	7,418
Tax effect of:		
Disallowable expenses	**-**	18
Investment aid tax credit acquired during the year	**(5,134)**	-
Tax charge for the year	**366,072**	7,436

11. Intangible assets

	Development costs of intellectual property	Intellectual property	Total
	€	€	€
Cost			
At 1 January 2023	1,695,413	998,800	2,694,213
Additions	1,366,219	-	1,366,219
At 31 December 2023	3,061,632	998,800	4,060,432
Amortisation			
At 1 January 2023	425,823	656,354	1,082,177
Charge for year	287,938	57,074	345,012
At 31 December 2023	713,761	713,428	1,427,189
Net book value			
At 31 December 2023	**2,347,871**	**285,372**	**2,633,243**
At 31 December 2022	1,269,590	342,446	1,612,036

Cost			
At 1 January 2022	675,891	998,800	1,674,691
Additions	1,019,522	-	1,019,522
At 31 December 2022	1,695,413	998,800	2,694,213
Amortisation			
At 1 January 2022	274,506	599,280	873,786
Charge for year	151,317	57,074	208,391
At 31 December 2022	425,823	656,354	1,082,177
Net book value			
At 31 December 2022	1,269,590	342,446	1,612,036
At 1 January 2022	401,385	399,520	800,905

Borrowing costs capitalised during the year ended 31 December 2023 amounted to €36,722. This amount includes all the interest incurred on the bank loans specifically obtained by the Company for the development of its intellectual property. During the year ended 31 December 2022, the Company did not capitalise any borrowing cost.

12. Investment in subsidiary

This investment is stated at cost, less impairment losses, if any.

	€
Cost	
At 1 January 2023	494,218
Additions	-
At 31 December 2023	**494,218**
Carrying amount	
At 31 December 2022	494,218
At 31 December 2023	**494,218**

The registered office of the Company's subsidiary is Crown House, Bridgewater Close, Burnley, Lancashire, United Kingdom, BB11 5TE.

	Proportion of ownership interest		**Country of incorporation**
	2023	2022	
Name	**%**	%	
EBO.AI (UK) Ltd	**100**	100	United Kingdom

The Company incorporated its subsidiary EBO.AI (UK) Ltd on 31 August 2018. The principal activity of the subsidiary company is to sell, distribute as a reseller, or otherwise make available copies/instances of the Company's software to end users or third parties, without altering, modifying or claiming ownership of the Software. The subsidiary company acts as an intermediary between the Company and the end user and is responsible for the direct sale and distribution of the Software, while not being the primary owner or creator of the Software. The subsidiary company may not modify, adapt, or alter the Software in any way or assign any intellectual property rights in the Software.

13. Plant and equipment

	Furniture and fittings €	Computer equipment €	Total €
Cost			
At 1 January 2023	24,955	8,596	33,551
Additions	-	2,035	2,035
At 31 December 2023	24,955	10,631	35,586
Depreciation			
At 1 January 2023	24,955	5,665	30,620
Charge for the year	-	2,099	2,099
At 31 December 2023	24,955	7,764	32,719
Net book value			
At 31 December 2023	**-**	**2,867**	**2,867**
At 1 January 2023	-	2,931	2,931
Cost			
At 1 January 2022	24,955	5,910	30,865
Additions	-	2,686	2,686
At 31 December 2022	24,955	8,596	33,551
Depreciation			
At 1 January 2022	19,964	4,075	24,039
Charge for the year	4,991	1,590	6,581
At 31 December 2022	24,955	5,665	30,620
Net book value			
At 31 December 2022	**-**	**2,931**	**2,931**
At 1 January 2022	4,991	1,835	6,826

14. Deferred taxation

	2022 €	Movement for the year €	2023 €
Arising on:			
Unabsorbed tax losses and tax credits	825,470	555,564	**1,381,034**
Temporary differences	3,494	(921,636)	**(918,142)**
	828,964	(366,072)	**462,892**

15. Financial assets at fair value through profit or loss

	2023	2022
	€	€
Opening net book amount	-	87,600
Additions	-	-
Disposals	-	(85,000)
Movements in fair value - unrealised	-	(2,600)
Closing net book amount	-	-

16. Trade and other receivables

	2023	2022
Non-current	€	€
Accrued Income	**178,653**	187,250

	2023	2022
Current	€	€
Trade receivables	**63,885**	73,167
Amount due from subsidiary	**1,116,961**	217,373
Amount due from related company	**6,436**	-
Other receivables and deposits	**8,225**	9,425
Accrued income	**477,345**	250,953
Prepayments	**10,483**	12,391
Tax recoverable	**-**	3,300
	1,683,335	566,609

None of the trade receivables were more than 30 days past due as at year end.

The amount due from subsidiary company as at 31 December 2023 of €1,116,961 relates to the trading account with the subsidiary company. This amount is net of a loan payable to subsidiary company of €239,796 which was set-off against the receivable balance during the year ended 31 December 2023. The amount due from related company as at 31 December 2023 of €6,436 relates to the trading account with a related company. These amounts are unsecured, interest-free and repayable upon demand.

The amounts due from subsidiary as at 31 December 2022 of €217,373 relate to the trading account with the subsidiary company and are unsecured, interest-free and repayable upon demand. During the year ended 31 December 2022, an amount of €8,004 was set-off against a balance due to the subsidiary company.

17. Share capital

	2023	2022
	€	€
Authorised equity		
2,882,000 (2022: 776,471) Ordinary A shares of €1 each	**2,882,000**	776,471
30,000 (2022: 9,340) Ordinary C shares of €1 each	**30,000**	9,340
100 (2022: 100) Ordinary D shares of €1 each	**100**	100
	2,912,100	785,911
Allotted, called up and fully paid equity		
2,882,000 (2022: 776,471) Ordinary A shares of €1 each	**2,882,000**	776,471

As stipulated in the Company's Memorandum and Articles of Association, Ordinary A shareholders are entitled to one vote per share in general meetings and are also entitled to appoint the directors of the Company, to participate in any dividend distribution and to a return of assets or otherwise affected upon liquidation of the Company. Furthermore, as stipulated in the Company's Memorandum and Articles of Association, Ordinary C and Ordinary D shareholders are not entitled to vote in general meetings and are not entitled to appoint the directors of the Company but are entitled to participate in any dividend distribution and to a return of assets or otherwise effected upon liquidation of the Company. All classes of shares shall rank pari passu between each other, within each respective class, with respect to all other matters.

During the year ended 31 December 2023, the Company increased its authorised share capital from €785,911 to €2,912,100 by the introduction of 2,105,529 Ordinary A shares and 20,660 Ordinary C shares. The Company allotted 2,105,529 Ordinary A Shares of €1 each to its existing shareholders, resulting in an increase in the issued share capital of €2,105,529, the consideration for which was satisfied through the capitalisation of share premium.

During the year ended 31 December 2022, the Company allotted 100,000 Ordinary Shares of €1 each to its existing shareholders, resulting in an increase in the issued share capital of €100,000, the consideration for which was satisfied as follows: €25,000 in cash and €74,000 by capitalisation of loans.

With effect from 15 November 2022, one of the holders of the Ordinary A shares of the Company, pledged 20,000 Ordinary A shares held in the Company, in favour of a third party.

18. Borrowings

	2023	2022
	€	€
Non-current		
Amounts due to third party	**-**	450,000
Bank loans	**1,780,358**	202,897
Revolving credit facility	**94,332**	-
	1,874,690	652,897
Current		
Amounts due to third party	**227,937**	-
Amounts due to subsidiary company	**281,558**	159,930
Bank overdrafts	**-**	6,505
Bank loans	**246,955**	568,126
Revolving credit facility	**174,320**	271,838
	930,770	1,006,399

Amounts due to third party
During the year ended 31 December 2020, the Company issued a promissory note to a third party for a consideration of €450,000. The promissory note bears interest of 4% per annum and the last instalment is repayable on 1 May 2024. The directors of the Company have joint and several obligations on the promissory note.

Bank loans
Bank loans as at 31 December 2023 amount to €2,027,313 (of which €246,955 is payable within one year). This balance is composed of various bank loans and is subject to various interest rates ranging from 3.56% to 5.5%. Bank loans are secured by the Company's overall assets, present and future, including pledge over receivables over the proceeds of all future receivables (including the distribution fee income from the subsidiary company). The loans are also guaranteed by two of the directors and their respective spouses and one shareholder that is also represented at Board level through an appointed director.

Bank loans as at 31 December 2022 amount to €771,023 (of which €568,126 is payable within one year). This balance is composed of a bank loan balance of €268,204 carrying an interest rate of 2.5% per year and repayable over a period not exceeding six years inclusive of a 6-month moratorium on principal and interest and a bank loan balance of €502,819 carrying an interest rate of 4.5% per year and repayable in mid-2023. Both loans are guaranteed by two of the directors and their respective spouses and one shareholder that is also represented at Board level through an appointed director.

Bank overdrafts and revolving credit facilities
These balances carry an interest rate of 4.5% per annum.

Amounts due to subsidiary company
Amounts due to subsidiary company is repayable upon demand, unsecured and interest-free.

19. Trade and other payables

	2023	2022
	€	€
Non-current		
Other payables	**43,402**	-
Current		
Trade payables	**72,621**	50,120
Accruals	**51,233**	43,098
Amounts due to related company	**146,000**	146,000
Other payables	**41,226**	107,663
	311,080	346,881

The amounts due to related company are unsecured, interest free and repayable on demand.

20. Non-cash transactions

As disclosed in note 17, the Company allotted 2,105,529 Ordinary A Shares of €1 each to its existing shareholders, resulting in an increase in the issued share capital of €2,105,529, the consideration for which was satisfied through the capitalisation of share premium.

Additionally, the set-off explained in note 16 was affected.

21. Cash and cash equivalents

	2023	2022
	€	€
Cash at bank	**129,698**	44,617
Bank overdraft	**-**	(6,505)
	129,698	38,112

22. Related party disclosures

The Company has a related party relationship with its subsidiary company, its shareholders, other companies owned by the shareholders of the Company and the Company's key management personnel.

Other than as disclosed elsewhere in the financial statements, transactions with related parties during the year ended 31 December 2023 include the following:

	2023	2022
	€	€
Included in "Turnover"		
Distribution fee charged to subsidiary company	**1,355,608**	431,057
Fees charged to one of the shareholders	**117,184**	(20,182)
Fees charged to a related company	**116,235**	-
	1,589,027	410,875
Included in "Intangible assets"		
Development costs charged by subsidiary company	**204,341**	230,612
Technical expertise fees charged by one of the shareholders	**25,000**	-
Professional fees charged by a related company	-	6,200
	229,341	236,812

The amounts due from/to related parties are disclosed in notes 16, 18 and 19.

23. Financial instruments - other information

Fair values of financial assets and liabilities
At 31 December 2022 and 31 December 2023 the carrying amounts of financial assets and financial liabilities classified within current assets and current liabilities respectively approximated their fair values due to the short term maturities of these assets and liabilities.

Financial risk management
The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The exposures to risks and the way risks arise, together with the Company's objectives, policies and processes for managing and measuring these risks are disclosed in more detail below. The objectives, policies and processes for managing financial risks and the methods used to measure such risks are subject to continual improvement and development.

(a) Market risk
Market risk is the risk that the fair value of future cash flows will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and other price risk, such as equity risk. The Company's policy is designed to minimise such risks by implementing the necessary safeguards to counter market risks.

(b) Credit Risk
Credit risk arises from cash and cash equivalents and credit exposures to customers and receivables. Cash and cash equivalents consist of cash at hand and cash held at reputable financial institutions. The Company uses its own trading records to rate its major customers.

Credit approvals and other monitoring procedures are also in place to ensure that follow-up action is taken to recover overdue debts. Furthermore, the Company reviews the recoverable amount of each trade debt on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts. In this regard, the directors of the Company consider that the Company's credit risk is significantly reduced.

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. As at 31 December 2023, the Company's maximum exposure to credit risk arises from the carrying amount of the respective recognised financial assets as stated in the statement of financial position.

Further details are provided in note 3.4.

(c) Liquidity Risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivery of cash or another financial asset.

The Company's strategic approach to liquidity management is predicated upon the steadfast commitment to maintaining robust reserves, thereby ensuring the continual availability of adequate liquidity to meets its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company engages in prudent liquidity management by diversifying its funding resources and leveraging a spectrum of financial instruments to bolster its liquidity position.

All financial liabilities are repayable on demand except for amounts due to third party and bank loans as disclosed in note 18.

23. Financial instruments - other information (continued)

Capital risk management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to maximise return to stakeholders through the optimisation of debt and equity balance.

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The capital structure of the Company consists of items presented within equity in the statement of financial position. The Company's Board of directors manage the Company's capital structure and make adjustments to it, in light of changes in economic conditions. The capital structure is reviewed on an ongoing basis. Based on recommendations of the Board, the Company balances its overall capital structure through the payments of dividends following a stringent approval process, new share issues as well as the issue of new debt or the redemption of existing debt.

24. Significant events

MDB Funding

EBO pursued a facility from the Malta Development Bank (MDB) through the entirety of 2022. The MDB was established in 2017 through the Malta Development Bank Act. The MDB's activities focus on complementing and supplementing the operations of market players in the provision of advantageous financing facilities, particularly for companies focusing on innovation, digitalisation and, more broadly, the preservation and enhancement of competitiveness.

Subsequently, in early 2023, the company successfully completed the process which provided additional liquidity to the organisation in this period of growth.

25. Comparative figures

Certain comparative figures have been altered to comply with this year's presentation and layout of these financial statements.

Selling and marketing and administrative expenses

Schedule I

	2023	2022
	€	€
Selling and marketing expenses		
Marketing and advertising	**90,018**	70,890
Sales commission	**10,954**	-
Wages and salaries	**50,141**	29,820
	151,113	100,710
Administrative expenses		
Accountancy fees	**36,662**	34,701
Audit fee	**6,000**	6,000
Bank charges	**23,133**	14,221
Company registration fee	**1,328**	638
Directors' remuneration	**116,714**	114,967
Exchange difference	**(1,051)**	-
Insurance	**1,066**	2,390
Legal and professional fees	**55,950**	51,015
Office supplies	**1,038**	587
Other expenses	**10,299**	4,722
Printing, postage and stationery	**1,318**	1,770
Recruitment	**-**	(2,000)
Lease expense	**43,230**	50,174
Repairs and maintenance	**-**	300
Penalties and fines	**-**	50
Software licenses	**20,995**	16,253
Subscriptions	**94**	2,071
Telephone and internet	**1,061**	1,997
Training costs	**230**	423
Travel and entertainment	**18,584**	10,761
Staff welfare	**-**	401
Wages and salaries	**40,807**	75,286
Water and electricity	**511**	754
	377,969	387,481