MXC Capital Limited

Annual Report and
Consolidated Financial Statements for
the year ended 31 August 2022

Registered in Guernsey
with company number 58895

Company information

Directors	Ian Smith (Chief Executive Officer) Paul Guilbert (Non-executive Director)
Secretary	Carey Commercial Limited
Country of incorporation and registration	Guernsey
Company number	58895
Registered office	1st & 2nd Floor Elizabeth House Les Ruettes Brayes St Peter Port Guernsey GY1 1EW
Bankers	HSBC Bank plc Arnold House St Julian's Avenue St Peter Port Guernsey GY1 3NF
Solicitors	Carey Olsen (Guernsey) LLP PO Box 98 Carey House Les Banques St Peter Port Guernsey GY1 4BZ
Auditor	Grant Thornton Limited St James Place St James Street St Peter Port Guernsey GY1 2NZ

Contents

Chief Executive Officer's Report

During the year we have made further progress with our stated aim of exiting our investments, at such time as the Board are happy with the returns achieved, and returning capital to shareholders. Proceeds of £2.3 million were generated from the disposal of two of the Group's private investments, and we have continued to support our remaining investment portfolio, with a further £1.0 million loaned during the year. We continue to be encouraged by the underlying performance of our investee companies and believe they are well-placed to weather any headwinds resulting from the current global and domestic economic and political challenges.

Post-year end we have converted the debt that we held in IDE Group plc (now renamed Tialis Essential IT plc) to equity and, at the date of this report, we now hold 83.4% of the shares in that company. IDE had been exploring resolutions for its significant levels of debt as the final stage of its restructuring. The board of IDE believes that reducing the company's indebtedness will allow it to grow both organically and also through acquisition, should the right accretive opportunities become available. We believe that facilitating the debt reduction in IDE gives us the best opportunity to maximise the future value of our investment in that company.

The return of capital to investors upon exit from investments, announced at the time of the delist from AIM in March 2020, will continue until we ultimately exit all of our investments, at which point the cash remaining will be returned to shareholders and the Company wound up. We currently anticipate this will occur within the timeframe outlined at the time of our delist. In the meantime we continue to support our investee companies with both capital and resources and remain confident that satisfactory returns will be made from our investments.

Financial Review

Revenue

Total consolidated revenue for the year, reflecting both fee income and interest income, was £2.7 million (2021: £3.4 million). The fee income element was £0.8 million, down from £1.5 million in 2021 as a result of lower transactional revenue. The Group generated £1.9 million (2021: £1.9 million) of interest income in respect of loan financing advanced.

The Board considers its interest income to be part of the trading activities of the Group and therefore it has been presented as a component of revenue. In accordance with IFRS 9, the interest income is recognised over the term of the loan, even if the interest is not physically received until the end of the term, as is the case with the loan notes held by the Group. The analysis of revenue and trading by segment is shown in note 3 to the Consolidated Financial Statements.

Movement in fair value of investments

The Group prepares its accounts in accordance with IFRS as adopted by the EU, accounting for its investments under IAS 28. This accounting standard mandates that all changes to the fair value of investments are shown in profit or loss, irrespective of whether those changes are considered short-term or permanent. The Group's profit or loss for any given period is, therefore, directly affected by the period-end share price of its quoted investee companies, which, given the stage of development of those companies, can be quite volatile. In addition, any movement in the fair value of the Group's private investments, either on disposal or at year end, is also shown in profit or loss. The Group saw a slight fall in the fair value of its investment portfolio in the year of £10,000 (2021: increase of 0.9 million), which is directly reflected in the Consolidated Statement of Profit or Loss. The movement in the value of investments is detailed in the investments table on page 2.

Operating expenses

Total operating expenses for the year were £0.9 million (2021: £2.2 million) as the Group continues to deliver on its commitment to significantly reduce its ongoing cost base following the delist from AIM in March 2020.

Trading EBITDA

As any changes in the fair value of the Group's investment portfolio at any given point in time can affect profit or loss significantly, the Board measures the underlying trading performance of the Group excluding the gains or losses on its investments. This is based on a measure of EBITDA stated before share-based payments, non-recurring items, movements in the fair value of investments and the IFRS 9 loans receivable expected credit loss provision, but after interest income under the effective interest method as this is considered to be part of the trading activities of the Group ("Trading EBITDA"). The Trading EBITDA for the year to 31 August 2022 was £1.7 million (2021: £1.3 million).

Chief Executive Officer's Report *(continued)*

Trading EBITDA, together with revenue, cash balances and the value of the Group's investments are the principal financial key performance indicators used by the Board in monitoring the performance of the business.

Profit and total comprehensive income for the year
After all costs and income (including the changes in the fair value of investments), the reported Group profit for the year was £1.8 million (2021: £2.0 million).

Investments and loans
During the year, the Group advanced loans of £1.0 million. Proceeds of £2.3 million were generated from the disposal of two of the Group's private investments.

At the year end, the Group had outstanding loan capital and accrued interest (including deferred consideration) of £21.0 million (2021: £17.9 million) and its equity investment portfolio was valued at £16.4 million (2021: £18.7 million) as shown in the following table:

	Fair value at 1 September 2021	Additions	Change in fair value	Disposal proceeds	**Fair value at 31 August 2022**
	£000	£000	£000	£000	**£000**
Cloudcoco Group plc	991	-	(240)	-	**751**
IDE Group Holdings plc	1,348	-	466	-	**1,814**
Private companies*	16,369	-	(236)	(2,259)	**13,874**
Total investments	18,708	-	(10)	(2,259)	**16,439**

* £6.5 million of the private company investments are attributable to non-controlling interests

Cash flow
The Group incurred a cash outflow from operating activities in the period of £0.1 million (2021: £0.9 million). This outflow occurred despite the positive Trading EBITDA generated as interest receivable on the loan notes, whilst included in the trading results for the year, is not receivable until the end of the loan note term. Cash proceeds from the sale of investments of £2.0 million were received. Loans advanced in the year totalled £1.0 million whilst £0.1 million was received in relation to loans and other receivables and £0.2 million was spent servicing the Group's borrowings. The cash balance at the end of the period was £3.7 million (2021: £2.9 million).

Net assets
Net assets at the end of the year were £41.5 million (2021: £39.8 million). Of the net assets, £35.0 million (2021: £33.3 million) was attributable to equity holders of the Company and £6.5 million (2021: £6.5 million) was attributable to non-controlling interests.

Post-period end
After the end of the reporting period, £14.7 million of the loan notes due at 31 August 2022 were converted to equity in IDE Group plc (now rebranded Tialis Essential IT plc). The Group currently holds 83.4% of the voting rights of that company. Further details are given in note 24.

We are pleased with the continued progress made by the Group, both during the year and at the start of the new financial year, and we look forward to updating shareholders with further progress in due course.

Ian Smith
Chief Executive Officer

Strategic Report

The directors present their Strategic Report for the year ended 31 August 2022.

Review of the business and future developments
A detailed review of the business for the year is set out in the Chief Executive Officer's Report and the Financial Review incorporated therein. Included in these reviews are comments on the key performance indicators that are used by the Board on a monthly basis to monitor and assess the performance of the business. These indicators include the level of revenue, Trading EBITDA and cash balances together with the value of the Group's investments. Future developments and current trading and prospects are set out in the Chief Executive Officer's Report and the Financial Review. These reports are incorporated into this Strategic Report by reference and should be read as part of this report. The Group's strategy is focused on maximising its returns from all elements of its investment and advisory model.

Risks and risk management
Identifying, evaluating and managing the principal risks and uncertainties facing the Group is an integral part of the way we do business. We have policies and procedures in place throughout our operations that enable us to do so, embedded within our management structure and as part of our normal operating processes. Market and economic conditions are recognised as one of the principal risks in the current trading environment. This risk is mitigated by the close monitoring of trading conditions and the performance of our investment portfolio.

The Group is affected by a number of risks and uncertainties, not all of which are wholly within its control as they relate to the wider macroeconomic and legislative environment within which the Group operates. The key financial risks of the Group are detailed in note 17. The key non-financial risks that the Group faces are listed below.

Portfolio of investments and loans receivable
The Group's largest asset is the portfolio of investments and loans receivable it holds in both quoted and unquoted businesses. The Group is therefore subject to a number of risks in this area, both in terms of its own engagement with these companies and also with the performance of those companies themselves. The key risks the Group faces in this area are:

Ability to realise value of investee companies or loans
Once the Group has acquired an interest in a business it is likely that such asset may not be realisable immediately, particularly given the nature of the sectors of interest, the size of the targeted businesses and that targeted businesses may be private companies. In addition, smaller companies frequently lack the financial strength, diversity and resources to overcome or survive periods of economic slowdown. Furthermore, the share prices of such companies, if publicly traded, are often subject to significant fluctuations which could be caused by the trading underperformance of the investee companies themselves or other internal and external factors. Any volatility in the value of one or more of such businesses could have a substantial impact upon the value of the Group. Any such underperformance in an investee company may also affect its ability to repay any loan financing advanced to it by the Group.

The Group is also reliant upon the integrity of the financial and non-financial governance within the investee companies. The Group's operating model aims to ensure that sufficient oversight is applied to the investee companies to minimise exposure to such risks.

Competition in the market place of the Group's investee companies
Investee companies may be companies which operate in highly competitive markets characterised by evolving customer needs and rapid technological change. Such businesses may well compete with a number of other companies, some of which may well have significantly greater financial, technical and marketing resources. In addition, those competitors may have the ability to respond more quickly to new or emerging technologies, adapt more quickly to changes in customer requirements, have stronger customer relationships, have greater name recognition, and may devote greater resources to the development, promotion and sale of their products than the investee companies. In the markets in which such companies operate, competition may also be based on a variety of factors including product performance, functionality, value, and breadth of sales and service organisation. Competition could result in price reductions, reduced margins, and loss of market share by businesses. The Group's strategy is to invest in companies with the ability to build resilience by way of growth, and focus on quality of product to ensure market share.

Strategic Report *(continued)*

Risks and risk management *(continued)*

Early stage of development and limited operating history of investee companies
Businesses in which the Group invests may be companies at an early stage of commercial development. The commencement of such businesses' generation of material revenues is difficult to predict and there is no guarantee that such businesses will generate any material revenues after investment by the Group or any revenues at all. The resources available to such businesses may not be sufficient to fund the businesses until they are reach acceptable levels of profitability. Some of the businesses may be companies which have a limited sales and operating history upon which their performance and prospects can be evaluated and they may well face the risks frequently encountered by developing companies. These risks include the potential inability to retain key personnel, as well as uncertainty as to which areas to target for growth and expansion. In addition, there can be no assurance that the businesses' proposed operations will be profitable or produce a reasonable return, or any return, on investment. The Group's strategy is, however, formulated by an experienced management team with a strong track record of generating significant gains from early stage companies within the Technology, Media and Telecommunications sector, approved by the Board of MXC and executed by a seasoned group of executives.

Reliance on key personnel and management
The success of the Group is dependent on the services of key management and personnel. Therefore, the directors believe that the ability to attract and retain highly skilled and qualified personnel is crucial. Most employees hold shares in the Company but there can be no guarantee that such individuals will be retained or new employees identified and employed.

Market and economic conditions
At the date of signing this report, the global economic and political uncertainty, together with rising inflation and interest rates, continues to have a significant impact on the UK economy. As a result, the final impact of these events on the investments held by the Group, and the ability of the investee companies to repay any financing commitments owed to the Group, is hard to predict and the carrying values of the investments and loans in the financial statements may differ from their recoverable amounts. The Group itself is not negatively exposed to rising interest rates, conversely, we would expect to benefit from increased levels of interest paid on cash deposits.

By order of the board

Paul Guilbert
Director
12 December 2022

Directors' Report

The directors present their report together with the audited consolidated financial statements for the year ended 31 August 2022 for MXC Capital Limited (the "Company") and its subsidiaries (together the "Group").

Corporate status
The Company is domiciled in Guernsey and was incorporated and registered in Guernsey on 19 August 2014 with company number 58895. Its registered office is 1st & 2nd Floors, Elizabeth House, Les Ruettes Brayes, St Peter Port, Guernsey, GY1 1EW.

Principal activity
The principal activity of the Group during the year was that of advisor to and investor in technology companies. The Company is a permanent capital vehicle that is responsible for the execution and supervision of the Group's strategy.

Results and dividends
The trading results for the year and the Group's financial position at the end of the year are shown in the financial statements set out on the following pages. The review of the year and the directors' strategy and objectives for the future are set out in the Strategic Report.

The directors do not recommend the payment of a dividend for the year ended 31 August 2022 (2021: £nil).

Principal risks and uncertainties
The principal risks and uncertainties are detailed within the Strategic Report, on pages 3 to 4.

Details of the Group's financial risk management objectives and policies are set out in note 17 of the Consolidated Financial Statements.

Directors

Ian Smith	(Chief Executive Officer)
Paul Guilbert	(Non-executive director)

The Company has agreed to indemnify its directors against any third-party claims which may be brought against them and has put in place a directors' and officers' insurance policy.

Directors' remuneration
Remuneration in respect of the directors was as follows:

	Basic salary and fees	**Bonus**	**Benefits**	**2022 total**	2021 total
	£000	**£000**	**£000**	**£000**	£000
Ian Smith	**165**	**-**	**-**	**165**	165
Paul Guilbert	**35**	**-**	**-**	**35**	35

Directors' interests
As at 31 August 2022 the directors and their beneficial interests and those of their families in the share capital of the Company were as follows:

Number of Ordinary shares of nil par value:

	2022	2021
Ian Smith	**7,285,959**	7,285,959
Paul Guilbert	**29,177**	29,177

Directors' Report *(continued)*

Going concern

The Group meets its day-to-day working capital requirements through its existing cash reserves which are sufficient to meet currently maturing obligations as they fall due. The directors have reviewed the Group's financial projections and have considered reasonably possible changes in trading performance and the timing of key strategic events. Given the Group's cash balances the directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Related party transactions

Details of the Group's transactions and year end balances with related parties are set out in note 21 of the consolidated financial statements.

Subsequent events

See note 24 for details of events after the end of the reporting period.

Disclosure of information to the auditor

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the directors has confirmed that they have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor. The annual report and consolidated financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's performance, business model and strategy.

Auditor

Grant Thornton Limited have been appointed as auditor and have indicated their willingness to continue in office.

By order of the board

Paul Guilbert
Director
On behalf of the Board
12 December 2022

Registered Office:
1st & 2nd Floor
Elizabeth House
Les Ruettes Brayes
St Peter Port
Guernsey
GY1 1EW

Statement of Directors' Responsibilities

The directors are responsible for preparing the Strategic Report, the Directors' Report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for the Group for each financial year. The directors have prepared financial statements for the Group in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

The consolidated financial statements are prepared in accordance with IFRS and The Companies (Guernsey) Law, 2008 (as amended) for each financial period and give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial period and of the profit or loss for that period.

In preparing each of the consolidated financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with The Companies (Guernsey) Law, 2008 (as amended). They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor's Report to the Shareholders of MXC Capital Limited

Opinion

We have audited the consolidated financial statements of MXC Capital Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 August 2022 which comprise the Consolidated Statement of Profit or Loss, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and notes to the consolidated financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU).

In our opinion, the consolidated financial statements:

- give a true and fair view of the state of the Parent Company's and Group's affairs as at 31st August 2021 and of its profit for the year then ended;
- are in accordance with IFRSs as adopted by the European Union; and
- comply with The Companies (Guernsey) Law, 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the consolidated financial statements' section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Guernsey, 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 annual report, other than the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the consolidated financial statements or a material misstatement of the other information. 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.

We have nothing to report in respect of the above.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which The Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the Group; or
- the consolidated financial statements are not in agreement with the accounting records; or
- we have not obtained all the information and explanations, which to the best of our knowledge and belief, are necessary for the purposes of our audit.

Independent Auditor's Report to the Shareholders of MXC Capital Limited *(continued)*

Responsibilities of directors for the consolidated financial statements
As explained more fully in the statement of directors' responsibilities set out on page 7, the directors are responsible for the preparation of the consolidated financial statements which give a true and fair view in accordance with IFRSs, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's and the Parent 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 Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group's and Parent Company's internal control.

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

- Conclude on the appropriateness of management's 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 Group's and Parent 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 consolidated 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 Group and Parent Company to cease to continue as a going concern.

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

Independent Auditor’s Report to the Shareholders of MXC Capital Limited *(continued)*

We communicate with those charged with governance 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Use of our report

This report is made solely to the Parent Company’s shareholders, as a body, in accordance with Section 262 of The Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Parent Company’s shareholders those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company’s shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton Limited
Chartered Accountants
St Peter Port, Guernsey
12 December 2022

Consolidated Statement of Profit or Loss

for the year ended 31 August 2022

	Notes	**2022 £000**	2021 £000
Fee income	3	**779**	1,552
Interest income	3,6	**1,945**	1,869
Revenue		**2,724**	3,421
Movement in fair value of investments	10	**(10)**	857
Operating expenses		**(884)**	(2,210)
Trading EBITDA[1]		**1,731**	1,287
Movement in fair value of investments	10	**(10)**	857
Impairment provision on loans receivable	11	**185**	-
Depreciation	9	**(76)**	(76)
Operating profit	4	**1,830**	2,068
Finance costs	6	**(14)**	(29)
Profit on ordinary activities before taxation		**1,816**	2,039
Tax on profit on ordinary activities	7	**(57)**	(2)
Profit and total comprehensive income for the year		**1,759**	2,037
Profit for the year attributable to:			
Owners of the parent		**1,759**	2,037
Non-controlling interests		**-**	-
		1,759	2,037
Earnings per share			
Basic earnings per share	8	**4.15p**	3.95p
Diluted earnings per share	8	**4.12p**	3.92p

[1] earnings from trading activities before interest payable, tax, depreciation, amortisation, exceptional items, share-based payments and movements in fair value of investments.

The notes on pages 16 to 42 form an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position
as at 31 August 2022

	Notes	31 August 2022 £000	31 August 2021 £000
Non-current assets			
Property, plant and equipment	9	**29**	101
Financial assets at fair value through profit or loss	10	**16,439**	18,708
Loans and other receivables	11	**5,418**	17,931
		21,886	36,740
Current assets			
Trade and other receivables	12	**648**	1,042
Loans and other receivables	11	**15,572**	-
Cash and cash equivalents	13	**3,749**	2,940
		19,969	3,982
Total assets		**41,855**	40,722
Current liabilities			
Trade and other payables	14	**(240)**	(616)
Income tax payable		**(49)**	(3)
Lease liabilities	15	**(23)**	(83)
Other financial liabilities	16	**-**	(213)
		(312)	(915)
Non-current liabilities			
Lease liabilities	15	**-**	(23)
Total liabilities		**(312)**	(938)
Net assets		**41,543**	39,784
Equity			
Share premium	18	**45,356**	45,356
Share-based payments reserve		**429**	429
Merger reserve		**(23,712)**	(23,712)
Retained earnings		**12,945**	11,186
Equity attributable to the owners of the parent		**35,018**	33,259
Non-controlling interests	23	**6,525**	6,525
Total equity		**41,543**	39,784

Consolidated Statement of Financial Position *(continued)*

The notes on pages 16 to 42 form an integral part of these consolidated financial statements.

These consolidated financial statements on pages 11 to 42 were approved by the Board on 12 December 2022 and signed on its behalf by:

I Smith Director	P Guilbert Director

Consolidated Statement of Changes in Equity
for the year ended 31 August 2022

	Share premium £000	Share-based payments reserve £000	Merger reserve £000	Retained earnings £000	Total attributable to owners of the parent £000	Non-controlling interests £000	Total £000
Balance at 1 September 2020	**57,742**	**554**	**(23,712)**	**9,024**	**43,608**	**6,525**	**50,133**
Profit and total comprehensive loss for the year	-	-	-	2,037	2,037	-	2,037
Transactions with owners							
Tender offer costs	(12,386)	-	-	-	(12,386)	-	(12,386)
Transfer on exercise/ cancellation of share options	-	(125)	-	125	-	-	-
	(12,386)	(125)	-	125	(12,386)	-	(12,386)
Balance at 31 August 2021	**45,356**	**429**	**(23,712)**	**11,186**	**33,259**	**6,525**	**39,784**
Profit and total comprehensive income for the year	-	-	-	1,759	1,759	-	1,759
Balance at 31 August 2022	**45,356**	**429**	**(23,712)**	**12,945**	**35,018**	**6,525**	**41,543**

The notes on pages 16 to 42 form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

for the year ended 31 August 2022

	Note	**2022 £000**	2021 £000
Cash flows from operating activities			
Cash used in operations	20	**(50)**	(878)
Corporation tax paid		**(2)**	(53)
Net cash flows used in operating activities		**(52)**	(931)
Cash flows from investing activities			
Payments to acquire property, plant and equipment		**(4)**	-
Purchase of investments		**-**	(200)
Proceeds from disposal of investments		**2,044**	7,318
Loans advanced		**(1,000)**	(305)
Loan repayments received		**100**	-
Deferred consideration received		**-**	2,062
Interest received		**40**	23
Net cash flows generated from investing activities		**1,180**	8,898
Cash flows from financing activities			
Purchase of shares in subsidiary from NCI		**-**	(1,090)
Tender offer proceeds and costs		**-**	(12,386)
Interest paid		**(16)**	(30)
Lease liabilities repaid		**(83)**	(87)
Other liabilities repaid		**(220)**	(220)
Net cash flows used in financing activities		**(319)**	(13,813)
Net increase/(decrease) in cash and cash equivalents in year		**809**	(5,846)
Cash and cash equivalents at beginning of year		**2,940**	8,786
Cash and cash equivalents at end of year		**3,749**	2,940

The notes on pages 16 to 42 form an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1 General information

MXC Capital Limited (the "Company") is a company incorporated and domiciled in Guernsey. The registered office is 1st & 2nd Floors, Elizabeth House, Les Ruettes Brayes, St Peter Port, Guernsey, GY1 1EW and the principal place of business is Guernsey. The principal activity of the Group during the year was that of advisor to and investor in technology companies. The Company is a permanent capital vehicle that is responsible for the execution and supervision of the Group's strategy.

Basis of preparation
The consolidated financial statements have been prepared in accordance with applicable International Financial Reporting Standards as issued by the International Accounting Standards Board and adopted by the European Union (IFRS).

These financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability or expense. The detailed measurement bases and principal accounting policies of the Company and its subsidiaries (the "Group") are set out below. The accounting policies have been applied consistently throughout the Group for the purposes of the preparation of these consolidated financial statements. The presentational currency of the Group and functional currency of the Company is Sterling (£). The consolidated financial statements have been rounded to the nearest thousand.

Going concern
These consolidated financial statements have been prepared on a going concern basis. The Group meets its day-to-day working capital requirements through its existing cash reserves which are sufficient to meet currently maturing obligations as they fall due. The directors have reviewed the Group's financial projections and have considered reasonably possible changes in trading performance and the timing of key strategic events. Given the Group's cash balances the directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of approval of the financial statements.

Basis of consolidation
Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group, until the effective date of disposal, as applicable.

The consolidated financial statements consolidate those of the Company and its subsidiary undertakings drawn up to 31 August each year. All subsidiaries have a reporting date of 31 August.

The Group applies the acquisition method in accounting for business combinations, with the exception of a business combination in 2015 which was regarded to be outside the scope of IFRS 3 and, as such, management used judgement in determining the appropriate accounting treatment. Under the circumstances, merger accounting was deemed suitable.

Under the acquisition method, the cost of acquisition is measured as the aggregate of the consideration transferred by the Group to obtain control of a subsidiary, which is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group. Acquisition costs are expensed as incurred. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests where it is considered material to do so.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Notes to the Consolidated Financial Statements

2 Accounting policies

2.1 Segmental reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM"). The CODM has been identified as the Board of Directors of the Company, which reviews the Group's internal reporting in order to assess performance and allocate resources.

2.2 Revenue
Revenue comprises fee income and interest income. The Board considers the interest income to be part of the trading activities of the Group and therefore it has been presented as a component of revenue.

2.3 Fee income
Fee income comprises the fair value of the consideration received or receivable for services provided in the ordinary course of the Group's activities. Revenue is shown net of Value Added Tax where applicable and after eliminating sales within the Group.

Revenue arises mainly from the services rendered by the Group to its customers.

To determine whether to recognise revenue, the Group follows a 5-step process:
1 Identifying the contract with a customer
2 Identifying the performance obligations
3 Determining the transaction price
4 Allocating the transaction price to the performance obligations
5 Recognising revenue when/as performance obligation(s) are satisfied.

In each identified contract with a customer there are two distinct performance obligations: (a) the Group's stand-ready obligation to render advisory activities as and when required which is referred to as the "Retainer fees"; (b) the Group's obligation to render advice for specific corporate finance transactions which is referred to as the "Transaction revenue". These fees are the Group's primary source of fee income. These are considered to be distinct performance obligations as the customer can benefit from each service on its own and the Group's promise to transfer each service to the customer is separately identifiable from other promises in the contract.

The recognition of the revenue is described below for each distinct performance obligation:

(i) Retainer fees
The Group has a stand-ready obligation to provide advisory services to customers as and when required. This performance obligation is in place for the life of the contract with the customer and satisfaction of this obligation is considered to be met on an ongoing basis as the scope of this arrangement is generally not considered reconcilable to input or output criteria to measure progress towards complete satisfaction of this obligation. For this reason, revenue is recognised straight-line over the performance of the contract via a fixed monthly retainer fee agreed as part of the contract. This fixed fee is specifically set out in the contract as the transaction fee allocated to this performance obligation. As the amount of work required to perform under these contracts does not vary significantly from month-to-month, the monthly billing provides a faithful depiction of the transfer of services. This is considered to align revenue recognition with the satisfaction of the stand-ready performance obligation. Accrued revenue is recognised when the revenue recognition criteria were met but in accordance with the underlying contract, the sales invoice has not been issued yet.

Notes to the Consolidated Financial Statements

2 Accounting policies *(continued)*

2.3 Fee income *(continued)*

(ii) Transaction revenue

This income stream comprises fees in relation to the Group's transactional services, such as corporate finance deal fees. For each corporate transaction entered into by a customer, the Group has an obligation to provide advisory services including executing acquisitions and disposals. This obligation is satisfied at the point when the transaction has completed, being when the customer has received the full benefit of the advisory services rendered. The transaction price allocated is the variable fee specifically presented in the contract for advisory services. This price is variable as it is determined based on an agreed percentage of the enterprise value of any corporate transactions or capital raisings concluded. There is no accrual of the revenue and it is only recognised on the completion of the relevant transaction. As the transaction price is based on a fixed percentage of a known enterprise value, there are no significant judgements applied by management in recognising transaction revenue.

2.4 Interest income

Interest income and expense are recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses.

The calculation of the effective interest rate includes transaction costs and fees that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Amortised cost and gross carrying amount

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss ("ECL") allowance.

The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any ECL allowance.

The interest income calculated under the effective interest method is shown separately in the consolidated statement of profit or loss. The Board considers this interest income to be part of the trading activities of the Group and therefore the interest income calculated under the effective interest method has been presented as a component of revenue.

2.5 Non-recurring costs

Costs which are material either because of their size or their nature, are highlighted separately on the face of the consolidated statement of profit or loss. The separate reporting of these costs helps provide a better picture of the Group's underlying performance. Items which may be included within this category include, inter alia, acquisition and restructuring costs and other particularly significant or unusual items.

Non-recurring items are excluded from the headline profit measures used by the Group and are highlighted separately in the consolidated statement of profit or loss as management believe that they need to be considered separately to gain an understanding of the underlying profitability of the trading businesses.

Notes to the Consolidated Financial Statements

2 Accounting policies *(continued)*

2.6 Leases

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. Any variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

2.7 Taxation

The Company is taxed at the standard rate in Guernsey of 0%. The Group's subsidiaries' current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted at the balance sheet date in the jurisdictions certain of the Group's subsidiaries operate in.

Deferred income taxes are calculated in certain of the Group's subsidiaries using the liability method on temporary differences. Deferred tax is generally provided for on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided for on the initial recognition of goodwill or of any other asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries is not provided for if reversal of these temporary differences can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Tax losses which are available to be carried forward and other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided for in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying temporary differences will be able to be offset against future taxable income. Deferred tax assets and liabilities are measured at tax rates that are expected to apply in the period of realisation based on tax rates and laws that have been enacted or substantively enacted at the reporting date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the statement of profit or loss except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

Notes to the Consolidated Financial Statements

2 Accounting policies *(continued)*

2.8 Investments
Investments of the Group include equity securities, loans and loan notes. Equity securities classed as investments are designated as fair value through profit and loss ("FVTPL") on initial recognition, as is allowed by the relevant standard for a group of financial assets, financial liabilities or both that is managed and its performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the entity's key management personnel.

Certain subsidiaries of the Company hold investments in investees which are classed as associates and joint ventures as the subsidiary companies are deemed to hold significant influence over these investees. In the opinion of the directors, these subsidiary companies operate akin to venture capital companies and therefore the Group has taken advantage of the exemptions from applying the equity method to account for associates and joint ventures available under IAS 28 and has designated such investments as FVTPL on initial recognition.

Loans and loan notes are classified as loans and receivables.

2.9 Property, plant and equipment
Property, plant and equipment are stated at cost less depreciation and any provision for impairment. Depreciation is provided to write down the cost to the residual value over the assets' estimated useful economic lives as follows:

Office equipment, furniture and fittings	3 - 5 years, straight line basis
Right-of-use asset	over the remaining term of the lease

The residual values and economic lives of assets are reviewed by the directors on at least an annual basis and are amended as appropriate.

2.10 Impairment testing of property, plant and equipment
For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). All individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs to sell, and value in use based on an internal discounted cash flow valuation. Any impairment loss is charged pro rata to the assets in the cash-generating unit.

2.11 Cash and cash equivalents
Cash and cash equivalents comprise cash in hand and demand deposits held on call at banks.

Notes to the Consolidated Financial Statements

2 Accounting policies *(continued)*

2.12 Financial assets

In accordance with IFRS 9, the Group classifies its financial assets as either those to be measured at fair value (either through profit or loss, or other comprehensive income), or at amortised cost. At the reporting date the Group's financial assets are classified as detailed below.

Impairment of the Group's loans and trade and other receivables is assessed using a forward-looking ECL, as detailed in notes 11 and 12.

(i) Loans and receivables

Trade and other receivables are recognised initially at fair value less any transaction costs and subsequently amortised cost less any expected credit loss provision. Any transaction costs are taken to profit or loss.

The Group's loans and other receivables comprise loans and loan notes which are initially recognised at fair value and stated at amortised cost at each reporting period end less any expected credit loss provision. Interest calculated using the effective interest method is recognised in consolidated statement of profit or loss within revenue.

(ii) Financial assets at fair value through profit or loss

The Group's equity investments are designated as at fair value through profit or loss on initial recognition. Any transaction costs are taken to profit or loss. Gains or losses arising from revaluation of the investments at each reporting period are recognised directly in the Group's consolidated statement of profit or loss.

2.13 Financial liabilities

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes a party to the contractual provisions of the financial instrument. The Group's financial liabilities include trade and other payables. These are measured initially at fair value and subsequently at amortised cost using the effective interest rate method.

2.14 Derecognition of financial assets and liabilities

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial assets and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Notes to the Consolidated Financial Statements

2 Accounting policies *(continued)*

2.15 Share-based payments

Share options and Long Term Incentive Plan ("LTIP")

The Group has issued equity-settled share options and awards under LTIPs to certain current and former employees. The fair value of these options and awards is determined at the date of grant and is expensed on a straight-line basis over the vesting period based on the Group's estimate of shares or options that will eventually vest. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made where a change occurs to the expectation of a market based vesting condition. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting.

The fair value of the options and awards is measured by the Black-Scholes pricing method. All equity-settled share-based payments are ultimately recognised as an expense in the consolidated statement of profit or loss with a corresponding credit to equity.

Upon exercise of share options, the proceeds received, net of attributable transaction costs, are credited to share capital and, where appropriate, share premium. Where share options are modified the fair value of those options is reassessed and any revised value is expensed over the vesting period of the modified option. See note 19 for further details.

2.16 Equity

Equity comprises the following:

- Share premium, representing the fair value of consideration received for shares, net of expenses of the share issue;
- Shares held by Employee Benefit Trust, representing the cost price of investments in the Company's own shares;
- Share-based payments reserve, representing the cost of equity-settled share-based payments until such share options and awards are exercised or lapse;
- Merger reserve, representing the excess of the Company's cost of investment over the nominal value of MXC Capital (UK) Limited's shares acquired using the principles of predecessor value method accounting;
- Retained earnings, representing the aggregate of all current and prior period retained profits and losses.

2.17 Application of new IFRSs and interpretations

(i) New and amended standards and interpretations applied in these Financial Statements

There were no new standards or interpretations effective for the first time for periods beginning on or after 1 September 2021 that had a significant effect on the consolidated Financial Statements. Furthermore, none of the amendments to standards that are effective from that date had a significant effect on these consolidated Financial Statements.

(ii) New and amended standards and interpretations not applied in these Financial Statements (issued but not yet effective)

Other accounting standards and interpretations have been published and will be mandatory for the Group's accounting periods beginning on or after 1 September 2022 or later periods. The impact of these standards is not expected to be material to the reported results and consolidated financial position.

2.18 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and judgements and their underlying assumptions affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenue and expenses during the periods presented. Actual results may differ significantly from the estimates, the effect of which is recognised in the period in which the facts that give rise to the revision become known. The following paragraphs detail the critical accounting estimates and judgements the Group believes to have the most significant impact on the annual results under IFRS.

Notes to the Consolidated Financial Statements

2 Accounting policies *(continued)*

2.18 Critical accounting estimates and judgements (continued)

(i) Definition of business activities

The Board has exercised judgement in relation to the definition of the Company's business activities. The Board has assessed the Company's business model for the financial year in detail against the criteria set out in IFRS 10 and is of the opinion that, although certain of its subsidiaries are investment holding companies, the Company itself did not meet the definition of an 'Investment Company' under IFRS 10. All subsidiaries of the Company, including those which are investment holding companies, are therefore consolidated into the Group financial statements as described elsewhere in these accounting policies.

(ii) Accounting for investments

Certain subsidiaries of the Company hold investments in investees which are classed as associates and joint ventures as the subsidiary companies are deemed to hold significant influence over these investees. In the opinion of the directors, these subsidiary companies operate akin to venture capital companies and therefore the Group has taken advantage of the exemptions from applying the equity method to account for associates and joint ventures available under IAS 28 and has designated such investments as fair value through profit or loss on initial recognition. In the opinion of the Board this gives a true and fair view of the Group's operations and financial position to shareholders.

(iii) Fair value measurement of investments

The Group holds investments in the form of quoted and unquoted securities measured at fair value. The fair value of these investments is estimated at the reporting period end, under methods detailed in note 10. Estimated fair values may vary from actual prices that would be achieved in an arm's length transaction at the reporting date.

(iv) Recoverability of loans and other receivables

As detailed in note 11, the Group has outstanding loans, loan notes and other receivables. Other than in respect of the expected credit loss provision, the directors do not believe there are any signs of impairment in respect of these assets at the reporting period end. Given the quantum of the assets and the timescales until redemption, the recoverability of these loans, loan notes and other receivables is a significant estimate.

(v) Recognition of retainer fees

The revenue from the provision of advisory services is recognised over time by the billing of the annual fee on a monthly basis. The timing of the satisfaction of performance obligations and in assessing that this method faithfully depicts the transfer of services requires the application of judgement by management.

Notes to the Consolidated Financial Statements

3 Segmental analysis

Operating segments are reported in a manner consistent with the internal reporting to the Chief Operating Decision Makers ("CODM"). The CODM has been identified as the Board of Directors.

The Board is responsible for strategic decision making and for assessing the performance of the operating segments. The operating segments are defined by distinctly separate product offerings or markets. The CODM assesses the performance of the operating segments based on the Trading EBITDA generated by each segment. Assets and liabilities per segment are not monitored by the CODM and therefore that analysis is not provided below.

All revenue originates from the United Kingdom or Guernsey. Third party revenue is detailed in the segmental analysis as are charges for professional services rendered between the Group's operating segments. Recharges of costs between segments are excluded from the revenue analysis, in line with the internal reporting to the CODM.

***Transactional segment* –** this segment comprises the Group's corporate finance and related services, together with the Group's advisory and consultancy activities, including originating and advising on investment opportunities for the Group, and providing operational and strategic guidance to clients.

Central – all other activities of the Group in performing its principal activity of advisor to and investor in technology companies, including the management of its investments, are considered together by the CODM.

Results for the year ended 31 August 2022

	Transactional £000	Central £000	Inter-segment transactions £000	Total £000
Revenues:				
Third party fee income	779	-	-	779
Third party interest income	-	1,945	-	1,945
Total revenue	**779**	**1,945**	**-**	**2,724**
Trading EBITDA[(1)]	**297**	**1,434**	**-**	**1,731**
Depreciation	(76)	-	-	(76)
Impairment provision on loans receivable	-	185	-	185
Movement in fair value of investments	-	(10)	-	(10)
Operating profit	**221**	**1,609**	**-**	**1,830**
Finance costs	(5)	(9)	-	(14)
Profit before taxation	**216**	**1,600**	**-**	**1,816**

(1) earnings from trading activities before interest paid, tax, depreciation, amortisation, exceptional items, share-based payments and movements in fair value of investments.

During the year, revenue from three of the Group's customers each represented more than 10% of total revenue. Revenue related to those customers was £1,618,000, £586,000 and £433,000 respectively.

Notes to the Consolidated Financial Statements

3 Segmental analysis *(continued)*

Results for the year ended 31 August 2021

	Transactional £000	Central £000	Inter-segment transactions £000	Total £000
Revenues:				
Third party fee income	1,550	2	-	1,552
Third party interest income	-	1,869	-	1,869
Total revenue	**1,550**	**1,871**	**-**	**3,421**
Trading EBITDA[(1)]	**73**	**1,214**	**-**	**1,287**
Depreciation	(76)	-	-	(76)
Movement in fair value of investments	-	857	-	857
Operating (loss)/profit	**(3)**	**2,071**	**-**	**2,068**
Finance costs	(10)	(19)	-	(29)
(Loss)/profit before taxation	**(13)**	**2,052**	**-**	**2,039**

(1) earnings from trading activities before interest paid, tax, depreciation, amortisation, exceptional items, share-based payments and movements in fair value of investments.

During the year ended 31 August 2021, revenue from four of the Group's customers each represented more than 10% of total revenue. Revenue related to those customers was £1,601,000, £812,000, £534,000 and £367,000 respectively.

4 Operating profit

Operating profit is stated after charging/(crediting) to administrative expenses:

	2022 £000	2021 £000
Impairment provision on loans receivable	**(185)**	-
Depreciation of owned assets	**11**	11
Depreciation of assets held under finance leases	**65**	65
Employee costs (see note 5)	**738**	1,604
Auditor's remuneration		
Audit of consolidated accounts	**28**	26
Audit of the Company's subsidiaries	**15**	14
Non-audit services		
Taxation services	**17**	14

Notes to the Consolidated Financial Statements

5 Particulars of staff

The average number of persons employed by the Group, including executive directors, during the year was:

	2022 No	2021 No
Fee earners and administration	**5**	6

The aggregate payroll costs of these persons were:

	2022 £000	2021 £000
Wages and salaries	**656**	649
Commission paid on exit of investment	**-**	770
Social security costs	**70**	178
Pension costs-defined contribution plan	**12**	7
Total payroll costs	**738**	1,604

Directors' remuneration
Remuneration of directors, who were the key management personnel during the year, was as follows:

	2022 £000	2021 £000
Aggregate emoluments including short-term benefits and fees	**200**	200

The remuneration of the highest paid director during the year was:

	2022 £000	2021 £000
Aggregate emoluments including short-term employee benefits	**165**	165

The remuneration of individual directors, who are the key management personnel of the Group, is disclosed in the Directors' Report on page 5. No retirement benefits in respect of defined contribution schemes are accruing to any directors.

Notes to the Consolidated Financial Statements

6 Finance income and costs

	2022 £000	2021 £000
Finance income		
Interest on loans receivable	**1,940**	1,861
Interest on cash and cash equivalents	**5**	8
	1,945	1,869

	2022 £000	2021 £000
Finance cost		
Interest expense on lease liabilities	**5**	10
Interest expense on other financial liabilities	**9**	19
	14	29

7 Taxation

(a) Tax on profit on ordinary activities

	2022 £000	2021 £000
Current tax		
Current year charge – UK corporation tax	**49**	3
Current year charge – UK withholding tax	**9**	-
Adjustment in respect of prior periods	**(1)**	(1)
Total tax charge	**57**	2

The Company is liable for taxation in Guernsey at the standard rate of 0%.

(b) Reconciliation of the total income tax charge

	2022 £000	2021 £000
Profit on ordinary activities before taxation	**1,816**	2,039
Expected tax expense at 0%	**-**	-
UK corporation tax rate of 19.0% payable on UK profits	**49**	3
Prior year adjustment to UK current income tax	**(1)**	(1)
Withholding tax on interest received at 20%	**9**	-
Total tax charge	**57**	2

Notes to the Consolidated Financial Statements

8 Earnings per share

Earnings per share ("EPS") is based on the profit or loss attributable to shareholders of the parent company divided by the weighted average number of ordinary shares in issue during the year.

The reconciliation of the weighted average number of shares for the purposes of diluted earnings per share to the weighted average number of ordinary shares used in the calculation of basic earnings per share is set out below.

	2022 Number	2021 Number
Weighted average shares used to calculate basic EPS	**42,346,720**	51,585,778
Dilutive effect of share incentive awards	**329,906**	329,906
Weighted average shares used to calculate diluted EPS	**42,676,626**	51,915,684

9 Property, plant and equipment

	Office equipment, furniture and fittings £000	**Right-of-use asset £000**	**Total £000**
Cost			
At 1 September 2020	148	216	364
Disposals	(20)	-	(20)
At 31 August 2021	128	216	344
Additions	4	-	4
Disposals	(1)	-	(1)
At 31 August 2022	**131**	**216**	**347**
Depreciation			
At 1 September 2020	122	65	187
Charge for the year	11	65	76
On disposal	(20)	-	(20)
At 31 August 2021	113	130	243
Charge for the year	11	65	76
On disposal	(1)	-	(1)
At 31 August 2022	**123**	**195**	**318**
Net carrying amount			
At 31 August 2022	**8**	**21**	**29**
At 31 August 2021	15	86	101

The assets classified within right-of-use asset are held under lease liabilities.

Notes to the Consolidated Financial Statements

10 Financial assets at fair value through profit or loss

	Quoted company investments £000	Private company investments £000	Total £000
At 1 September 2020	4,530	20,439	24,969
Additions	-	200	200
Disposals of investments	-	(7,318)	(7,318)
Movement in fair value of investments	(2,191)	3,048	857
At 31 August 2021	2,339	16,369	18,708
Additions	-	-	-
Disposals of investments	-	(2,259)	(2,259)
Movement in fair value of investments	226	(236)	(10)
At 31 August 2022	**2,565**	**13,874**	**16,439**

The Group's investments relate to equity securities held in both AIM quoted and unquoted, private companies. These investments are accounted for at fair value through profit or loss and presented as financial assets at fair value through profit or loss in the consolidated statement of financial position.

Fair value measurement
Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: not traded in an active market but the fair values are based on quoted market prices or alternative pricing sources with reasonable levels of price transparency; or
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The equity securities are measured at fair value. The quoted equity securities are categorised as level 1 fair values, the unquoted equity securities as level 3.

The fair value of the unquoted equity securities is based on a market approach, using either the latest fund raising valuation if applicable, or the application of market-average multiples (EV/EBITDA or EV/Revenue) to the companies' own data. The financial data of the valued companies themselves is not observable on the market, and whilst the market-average multiples are based on observable market data, the selection of comparable companies used is a significant judgement. The unquoted investees all operate within the technology sector and the key observable inputs were:

Valuation technique	Observable input	Multiple
Market comparable companies	EBITDA multiple	10.75

Notes to the Consolidated Financial Statements

10 Financial assets at fair value through profit or loss *(continued)*

Fair value measurement *(continued)*
During the year there were no transfers between categories. Categorisation of the fair values at 31 August 2022 was:

	Level 1 £000	Level 2 £000	Level 3 £000
Quoted equity securities	2,565	-	-
Unquoted equity securities	-	-	13,874
	2,565	**-**	**13,874**

Categorisation of the fair values at 31 August 2021 was:

	Level 1 £000	Level 2 £000	Level 3 £000
Quoted equity securities	2,339	-	-
Unquoted equity securities	-	-	16,369
	2,339	**-**	**16,369**

11 Loans and other receivables

Non-current	**2022** **£000**	2021 £000
Loan notes	**4,846**	16,791
Loans to associates	**16**	774
Other loans	**173**	173
Deferred consideration	**463**	458
	5,497	18,196
Less: provision for impairment	**(80)**	(265)
	5,418	17,931

Current	**2022** **£000**	2021 £000
Loan notes	**14,697**	-
Loans to associates	**660**	-
Deferred consideration	**215**	
	15,572	-

Notes to the Consolidated Financial Statements

11 Loans and other receivables *(continued)*

During FY19 and FY20, the Group subscribed for £9.2 million of secured loan notes with a six-year term and an effective interest rate of 12% in IDE Group plc, now renamed Tialis Essential IT plc ("Secured LNs", "IDE"). In FY22 the Group subscribed for a further £1.0 million of Secured LNs. Post-period end, the Group agreed with IDE that it would redeem all of the Secured LNs, together with associated interest and fees, for a total of £14.7 million (the "Redemption Sum"), such amount to be settled by the issue of new IDE shares to the Group. The value of the Secured LNs included in the Consolidated Statement of Financial Position as at 31 August 2022 is equal to the Redemption Sum and has been reclassified as current Loan notes. See note 24 for further details.

During FY20, the Group subscribed for £3.5 million of loan notes with a five-year term and an effective interest rate of 12% in Cloudcoco Group plc ("LNs"). The principal and related accrued interest is included in non-current Loan notes. The interest on the LNs compounds annually and is payable at the end of the term.

Loans to associates comprises a loan of £0.66 million plus interest. This loan was repayable in 2025 but has been repaid in September 2022 and so has been reclassified as current as at 31 August 2022. See note 24 for further details.

The subscribed amount plus the interest and fees directly attributable to the Secured LNs, the LNs, the loans to associates and the other loans (together the "Facilities") is the basis of their carrying value. The determined carrying value of the Facilities is not materially different from their fair values. The counterparties to the Facilities are substantially companies in which the company holds an investment either as an associate or a significant shareholder and generally has board representation. Given its influence within, and therefore its knowledge of, the counterparty, together with the terms of the Facilities, the company considers the ECL in respect of the Facilities to be low. The company also considers there has been no change in its assessment of its risk since the inception of the Facilities and therefore considers it appropriate to reflect a 12-month ECL provision.

The non-current deferred consideration arose in respect of a sale of certain assets during FY20 to a company of which Ian Smith is a director and majority shareholder. The deferred consideration carries an interest rate of 1% and is repayable on or before 31 January 2024. The determined carrying value of the deferred consideration is not considered materially different from its fair value. Given the relationship with Ian Smith, and the terms of the agreement and related security held, the risk of default, and therefore the ECL, in respect of this deferred consideration is considered low.

The current deferred consideration relates to money held in an escrow account in relation to the exit from a private company investment and so the risk of default, and therefore the ECL, in respect of this deferred consideration is also considered low.

After applying a sensitised valuation to the underlying assets of the counterparties to the Facilities and the deferred consideration, together with an estimate of the likelihood of a default event in the next 12 months, the Group considers an ECL provision in respect of its Loans and other receivables of £80,000 is appropriate (2021: £265,000). The movement on the provision, being a credit of £185,000, is included within operating expenses in the Consolidated Statement of Profit or Loss.

Notes to the Consolidated Financial Statements

12 Trade and other receivables

	2022 £000	2021 £000
Trade receivables	**563**	976
Less: provision for impairment of trade receivables	**(8)**	(33)
Trade receivables - net	**555**	943
Prepayments and accrued income	**93**	99
	648	1,042

The ageing of trade receivables at 31 August was:

	2022 £000	2021 £000
Not past due	**563**	976

In accordance with IFRS 9, the Group reviews the amount of credit loss associated with its trade receivables based on forward looking estimates that take into account current and forecast credit conditions as opposed to relying on past historical default rates. The Group has applied the Simplified Approach permitted under IFRS 9 to measure lifetime expected credit losses and has assessed individual customer balances and their current and forecast trading conditions in deriving the ECL provision. The reduction in the ECL provision of £25,000 (2021: £nil) is included within operating expenses in the Consolidated Statement of Profit or Loss.

The other classes of assets within trade and other receivables do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable disclosed above.

The carrying amounts of the Group's trade and other receivables are all denominated in Sterling.

13 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise the following balances:

	2022 £000	2021 £000
Cash at bank	**2,265**	360
Short-term deposits	**1,484**	2,580
	3,749	2,940

Notes to the Consolidated Financial Statements

14 Trade and other payables

	2022 £000	2021 £000
Current		
Trade payables	**32**	68
Tax and social security	**52**	49
Accruals and deferred income	**156**	499
	240	616

15 Lease liabilities

	2022 £000	2021 £000
Current	**23**	83
Non-current	**-**	23

The present value of lease liabilities as at 31 August is as follows:

	Minimum lease payments 2022 £000	Interest 2022 £000	Principal 2022 £000
Less than one year	24	1	23

	Minimum lease payments 2021 £000	Interest 2021 £000	Principal 2021 £000
Less than one year	88	5	83
Between one and five years	24	1	23
Total	112	6	106

16 Other financial liabilities

	2022 £000	2021 £000
Current		
Preferred ordinary shares	**-**	213

Notes to the Consolidated Financial Statements

17 Financial instruments and financial risk management

Risk management objectives and policies
The investment objective of the Group is to maximise its total return primarily through the capital appreciation of its investments. The Group holds investments in the form of equities and loan instruments. In addition, the Group holds cash and liquid resources as well as having receivables and payables that arise directly from its operations. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The main financial risks that the Group is exposed to are market risk (which includes currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The most significant financial risks to which the Group is exposed are described below and relate to the following financial instruments:

Principal financial instruments
The principal financial instruments used by the Group from which financial instrument risk arises are as follows:

- Financial assets at fair value through profit or loss
- Loans and other receivables
- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables
- Lease liabilities
- Other financial liabilities

	2022 £000	2021 £000
Financial assets		
Financial assets at fair value through profit or loss	**16,439**	18,708
Loans and other receivables	**20,990**	17,931
Trade and other receivables	**555**	943
Cash and cash equivalents	**3,749**	2,940
	41,733	40,522

	2022 £000	2021 £000
Financial liabilities		
Trade and other payables – excluding statutory liabilities	**188**	567
Other financial liabilities (see note 16)	**-**	213
Lease liabilities	**23**	106
	211	886

Notes to the Consolidated Financial Statements

17 Financial instruments and financial risk management (continued)

Financial risk management

Currency risk
The Group has no direct exposure to currency risk. However, the Group is indirectly exposed to currency risk through the companies it invests in. The Group does not hedge against the currency risk, which the Board of Directors believe is a low risk to the Group.

Interest rate risk
The Group finances its operations through a mixture of Shareholders' capital and reserves, together with leases. During the year the Group received interest of £5,000 on its cash and cash equivalents (2021: £8,000). The Group has issued loans and loan notes, which are interest bearing. During the year the Group charged interest of £1,940,000 (2021: £1,861,000), at a fixed interest rate, on its loans and loan notes. All other assets and liabilities of the Group are non-interest bearing.

At 31 August 2022, cash and cash equivalents of £3,749,000 (2021: £2,940,000) are potentially exposed to movements in interest rates. Due to the generally low rates available, a movement in interest rates would not have a material financial impact on the Group. Therefore, the Group does not hedge against the interest rate risk to which it is exposed.

Other price risk
The Group's exposure to other price risk consists mainly of movements in the value of the Group's investments. The Board manages the price risks inherent in the investment portfolio by ensuring full and timely access to relevant information on current and potential investments. The Board meets regularly and at each meeting reviews investment performance. For the Group's quoted equity securities, an average overall change in fair value of 10% has been observed during 2022. This is considered to be a suitable basis to apply to the Group's quoted and unquoted investments for estimating how profit or loss and equity could have been affected by changes in other price risk that were reasonably possible at the reporting date. In 2021, the change in fair value of equity securities of 48% was considered too high to apply to the Group's unquoted investments given their values are less affected by external factors. A rate of 10% was deemed appropriate to apply to those investments. If the valuation of the Group's investments increased or decreased by these stated rates, profit or loss and equity in 2022 would have changed by £1,635,000 in either direction (2021: £2,760,000).

Credit risk
Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to this risk principally in respect of cash deposits with financial institutions and its loans receivable. The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at 31 August, as summarised in the 'Principal financial instruments' table above.

The Group's management considers that all of the above financial assets that are not impaired or past due for each of the 31 August reporting dates under review are of good credit quality. The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings of A and above.

Liquidity risk
Liquidity risk is that the Group might be unable to meet its financial obligations as they fall due. The Group's objective is to manage its cash flows to ensure that it will always have sufficient liquidity to meet its liabilities when due. The Board of Directors manages liquidity risk by regularly reviewing the Group's cash requirements by reference to cash flow projections prepared by management.

The Group considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables. The Group's existing cash resources and trade receivables (see Notes 12 and 13) significantly exceed the current cash outflow requirements. Cash flows from trade and other receivables are all contractually due within twelve months.

Notes to the Consolidated Financial Statements

17 Financial instruments and financial risk management *(continued)*

Financial risk management *(continued)*
Concentration risk
Concentration risk is the risk that the Group may be adversely affected by its investments being focused on a relatively small numbers of companies, all of whom operate within the technology sector. See 'Other price risk' for details of how the Group mitigates this risk and the impact it may have on reported results.

Capital management
The Group's capital structure is comprised entirely of shareholders' equity. The objective of the Board when managing capital is:

- to ensure the Group can meet its liabilities as they fall due; and
- to maximise the Group's total return primarily through the capital appreciation of its investments.

The capital structure is managed and adjusted to reflect changes in economic conditions. The Group funds its expenditure on commitments from existing cash and cash equivalent balances, primarily received from operating cash flows, the realisation of investments and the issuances of shareholders' equity. There are no externally imposed capital requirements. Financing decisions are made by the Board based on forecasts of the expected timing and level of capital, the operating expenditure required to meet the Group's commitments and development plans and the performance of the Group's current and potential investment portfolio.

18 Share premium

Ordinary shares of no par value	**Number of shares**	**Share Premium £000**
At 1 September 2020	57,893,365	57,742
Shares cancelled	(15,546,645)	(12,386)
At 31 August 2021 and 31 August 2022	**42,346,720**	**45,356**

The Company is authorised to issue an unlimited number of Ordinary shares of no par value.

2021 Ordinary shares cancelled
Following tender offers to all shareholders, in September 2020 5,789,336 Ordinary shares were purchased by the Company at a price of 75p per share and in July 2021 9,757,309 Ordinary shares were purchased by the Company at a price of 82p per share. All Ordinary shares purchased in the tender offers were subsequently cancelled. There were no tender offers or share cancellations in the year ended 31 August 2022.

Notes to the Consolidated Financial Statements

19 Share based payments

Share option scheme
The Company has a share option scheme for certain current and former employees of the Group. The maximum share options outstanding at the end of the year were:

	2022 Number of share options	**2022 Weighted average exercise price £**	2021 Number of share options	2021 Weighted average exercise price £
Outstanding at the beginning of the year	**532,883**	**0.50**	732,883	0.50
Lapsed in year	**-**	**-**	(200,000)	0.50
Outstanding at the end of the year	**532,883**	**0.31**	532,883	0.31
Exercisable at the end of the year	**532,883**	**0.31**	532,883	0.31

Share options with an option life of 10 years were granted in 2013 and, as the performance criteria has been achieved, all options have fully vested. Where applicable, the Board has exercised its discretion so that options granted to former employees continue to be exercisable.

The maximum options outstanding under the Company's share option schemes at 31 August 2022 were as follows:

2013 Enterprise Management Incentive scheme:	**2022 No. of options**	**2021 No. of options**	**Calendar year of grant**	**Exercise period**	**Exercise price per share**
	332,883	332,883	2013	2013-2023	£0.50
	200,000	200,000	2013	2013-2023	£ nil

The weighted average remaining contractual life of these options is 1 years (2021: 2 years).

The fair value of the employees' services received in exchange for the grant of share options is recognised as an expense. The total amount to be expensed over the vesting period was determined by reference to the fair value of the share options granted, calculated using the Black-Scholes option pricing model.

The share-based payments charge in respect of these share options has been fully expensed in previous financial years.

Notes to the Consolidated Financial Statements

19 Share based payments *(continued)*

Long term incentive plan ('LTIP')
Since September 2015, the Group has made awards to certain directors and employees under its Long-Term Incentive Plan ("LTIP").

The beneficiaries of the LTIP are entitled to receive a share of shareholder value created, subject to share price performance and employment criteria. Shareholder value is defined as the growth in the market value of the Company from the base value of August 2014, taking into account dividends and capital returns, if any. The base value is defined as the aggregate value of all of the ordinary shares in the capital of the Company in issue in August 2014 as adjusted for the issue or cancellation of new ordinary shares after that date.

As at 31 August 2022, awards over 0.93% of shareholder value were in place (2021: 0.93%). No further awards under the LTIP are expected to be made.

The fair value of the LTIP was calculated by an external valuations' expert using a two-tiered Black-Scholes option pricing model together with an empirical model. The share-based payments charge in respect of the LTIP awards has been fully expensed in previous financial years.

20 Net cash flows from operating activities

	2022	2021
	£000	£000
Profit on ordinary activities before taxation	**1,816**	2,039
Adjustments for:		
Movement in fair value of investments	**10**	(857)
Depreciation	**76**	76
Net finance income	**(1,931)**	(1,840)
Impairment provision on loans receivable	**(185)**	-
Decrease/(increase) in trade and other receivables	**395**	(396)
(Decrease)/increase in trade and other payables	**(231)**	100
Cash used in operations	**(50)**	(878)

Notes to the Consolidated Financial Statements

21 Related party transactions

The remuneration of the Directors is as disclosed in note 5 and on page 5.

Transactions between the Company and its wholly-owned subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Certain of the Group's investee companies are deemed to be related parties, because they are classed as associates or joint ventures of the Group. Transactions entered into, and trading balances outstanding at 31 August with these related parties, are as follows:

	Services provided to related party £000	**Amounts owed by related party £000**
Related party:		
Associates		
2022	**280**	**348**
2021	362	936
Joint venture		
2022	**433**	**76**
2021	367	38
Other		
2022	**66**	**139**
2021	-	-

Amounts owed by related parties are stated gross of VAT.

Terms and conditions of transactions with related parties
Sales to and purchases from related parties are made on an arm's length basis. Outstanding balances with entities other than group companies are unsecured, interest free and cash settlement is expected within agreed payment terms. Terms and conditions for transactions with group companies are the same, with the exception that balances are placed on intercompany accounts with no specified credit period. The Group has not provided or benefited from any guarantees for any related party receivables or payables. As 31 August 2022, the Group has made a provision for ECLs relating to amounts owed by related parties in respect of trade receivables of £8,000 (2021: £33,000).

In addition, the Group has loans and deferred consideration outstanding due from associates and other related parties as disclosed in note 11.

The directors are not aware of any ultimate controlling party.

Notes to the Consolidated Financial Statements

22 Subsidiaries

At 31 August 2022 and 2021 the Company had the following subsidiary undertakings.

Investment	Principal activity	Country of incorporation	% ordinary share capital/ members' interests owned
MXC Guernsey Limited	Investment and intermediate holding company	Guernsey	100%
MXC Capital (UK) Limited*	Investment and intermediate holding company	England & Wales	100%
MXC Capital Markets LLP*	Corporate Finance	England & Wales	100%
MXC Advisory Limited*	Advisory services	England & Wales	100%
MXC Holdings Limited*	Investment company	England & Wales	100%
MXC JV Limited*	Investment company	Guernsey	50%
Lammtara Industries EBT Trustees Limited*	Dormant	England & Wales	100%
2ergo Inc*	Dormant	United States	100%
Georgia Holding Company Inc*	Dormant	United States	100%
M-Invent Inc*	Dormant	United States	100%
Proteus Movil SA**	Dormant	Argentina	100%

* held indirectly

** Proteus Movil SA was liquidated on 29 March 2022

Notes to the Consolidated Financial Statements

23 Subsidiaries with material non-controlling interests

The Group includes a subsidiaries, MXC JV Limited, with material non-controlling interests ("NCI").

MXC JV Limited
At 31 August 2022 an NCI held 50% of the ownership interests and none of the voting rights of MXC JV Limited, a Guernsey based company. The accumulated NCI at 31 August 2022 was £6,524,500 (2021: £6,524,000). Profits of MXC JV Limited amounting to £nil (2021: £nil) were allocated to the NCI during the year. No dividends were paid to the NCI.

Summarised financial information for MXC JV Limited, before intragroup eliminations, is set out below:

	2022 £000	2021 £000
Revenue	**-**	-
Total comprehensive loss for the year	**15**	11

	2022 £000	2021 £000
Non-current assets	**13,049**	13,049
Current assets	**1**	1
Total assets	**13,050**	13,050
Current liabilities	**(83)**	(68)
Net assets	**12,967**	12,982
Net cash inflow in the year	**-**	-

Notes to the Consolidated Financial Statements

24 Events after reporting period

At 31 August 2022 the Group had an outstanding, unsecured, loan of £0.66 million due from an associate (see note 11). On 23 September 2022 the Group entered into an agreement to provide a loan facility of £1.485 million to the parent of the associate (the "Parent"). This amount was drawn down on the same day and is secured on the assets of the Parent and its group, repayable on or before 30 June 2025. On 26 September 2022 the associate repaid the loan of £0.66 million in full. Also on 26 September 2022, the Parent bought back shares in itself held by the Group for proceeds of £0.825 million.

At the year end, the Group held secured loan notes in IDE Group Holdings plc, now renamed Tialis Essential IT plc ("IDE"). See note 11 for further details. The total value to maturity in 2025 of these secured loan notes, together with all interest and fees, was £21.0 million. On 6 October 2022, and subject to the approval by IDE shareholders to certain resolutions at a General Meeting of IDE, the Group agreed with IDE that it would redeem the secured loan notes it held in IDE early for a total value of £14.7 million (the "Redemption Sum"). The Redemption Sum satisfied in full: (i) the principal amount of all secured loan notes in IDE held by the Group; (ii) interest accrued from the inception of such loan notes to May 2022 (interest accruing after this date being waived); and (iii) 76 per cent. of the arrangement fee on the loan notes. The balance of the arrangement fee and the full exit fee (which would otherwise payable) have been waived. The value of the secured loan notes recognised in the Consolidated Statement of Financial Position at 31 August 2022 equates to the Redemption Sum.

The Redemption Sum was applied to the payment up of 16,476,574 new ordinary shares in IDE at an agreed notional price of £0.892 per new ordinary share (based on the IDE share price between 28 September and 5 October 2022). The new shares were issued to the Group following approval at a General Meeting of IDE on 2 November 2022. At the date of approval of these financial statements, the Group holds 83.4% of the voting rights of IDE.

There were no other events after the end of the reporting period that warrant adjustment or disclosure in the financial statements.