# MXC Capital Limited

Annual Report and
Financial Statements for the year ended
31 August 2024

Registered in Guernsey
with company number 58895

# Company information

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

# Contents

# Chief Executive Officer's Report

In March of 2020 shareholders voted to delist MXC Capital Limited ("MXC", the "Company") from AIM. Within the respective Notice of General Meeting the directors anticipated that MXC would be wound up within 5 years. What was not anticipated was COVID and its resultant commercial, market and social impacts, with changes to working practices, for example, still evident today. As suggested in my 2023 report it is very likely that we will overrun 5 years, albeit that we intend that overrun to be as short-lived as possible. There is an obvious cost to maintaining the MXC operation, which needs to be balanced against any future possible increase in shareholder returns; there is certainly no appetite to unnecessarily prolong the life of MXC unless there is a compelling benefit to our shareholders.

Recently a refinancing was completed within Tialis Essential IT plc ("Tialis", formerly IDE Group plc) to replace the third-party loan notes within the business and tidy up its balance sheet. At the time of publishing this report, and post the MXC year end, additional shares in Tialis were acquired by myself, Paul Guilbert (NED of MXC) and MXC itself. These shares were acquired at a further discount from Tialis's already low share price, but these purchases were a clear indication from those buying the shares that they believe there will be good value ahead.

We have long been considering options for exit from this investment, and the feasibility of being able to deliver on one or more of those options. Much work is in progress.

CloudCoCo Group plc ("CloudCoCo") is our other remaining quoted investment. I stepped into assist with this business in May 2024 and helped facilitate the sale of two trading divisions that not only removed significant liabilities from CloudCoCo but has also left the company with circa £1.0 million of working capital and a continuing trading business. As a consequence, our loan, and all associated interest, was repaid in full during October 2024 (£6.2 million return). We still hold circa 10% of CloudCoCo's shares but these must be considered de minimis in the scope of the current MXC portfolio. The repayment of the loan notes means that despite the loss on the original equity investment, MXC did actually recover the full value of funds invested into CloudCoCo.

Koris 365 Limited ("Koris"), the trading entity of our joint venture with Liberty Global, has seen significant challenges around new sales, and with some legacy business falling away, this has resulted in a reduction of our valuation of that business at the end of our financial year. I have now stepped in to head up this investment with much work being done in an attempt to reverse Koris's performance. In addition, work is ongoing in trying to identify the means and timing to exit this investment, again, balanced against the cost of maintaining MXC as a whole.

Digital Petcare Limited is the remaining investment of size. The team there have made great progress this year with the development of their Vet Help Direct offering showing good organic growth. Their plan is to refinance our loan notes in Q1 of the next calendar year which will repay the £1.5 million owed to MXC.

Clearly the ambition is to exit these investments in a timely and remunerative way for our shareholders and to return all of the cash being held on the balance sheet. We are working very hard to achieve this as soon as possible and will update shareholders in due course.

The Company is very focussed on containing costs and retaining as much value for shareholders as possible; we continue to reduce the group's ongoing cost base wherever we are able to. To that end, post-year end, we have made headcount reductions that will result in annualised savings of £0.4 million.

# Chief Executive Officer's Report *(continued)*

## *Financial Review*

**Accounting treatment of subsidiaries**

As explained in detail in the FY23 Annual Report and Financial Statements, following the Company becoming an IFRS 10 investment entity on 3 November 2022, it no longer consolidates its subsidiaries and instead accounts for its investment in those entities at fair value. See note 1.3 for further details.

**Statement of profit or loss**

As a result of the above, the statement of profit or loss for the year on page 15 reflects the results of the Company as a stand-alone entity for the year ended 31 August 2024. The figures for the year ended 31 August 2023 comprise the consolidated results of the Company and its subsidiaries for the 2 months from 1 September 2022 to 3 November 2022 plus the results of the Company as a stand-alone entity for the 10 months thereafter.

*Revenue*

As an investment entity, the Company does not trade and therefore has no revenue of its own. The revenue in FY23 relates to that of the subsidiaries for the two months of consolidation.

*Movement in fair value of financial assets held at fair value through profit or loss ("FVTPL")*

The movement in the fair value of financial assets held at FVTPL reflects the changes in the value of the Company's investment in its subsidiaries. By extension, this includes the movements in the value of the underlying investments held within the subsidiaries. As detailed in the investments table on page 3, the fair value of the investments held by the subsidiaries fell by £5.3 million in FY24. £3.0 million of this fall is attributable to non-controlling (minority) shareholders in subsidiary companies and £2.3 million is attributable to shareholders of the Company.

In addition to the above, the fair value of certain subsidiaries of the Company increased in the year by £0.6 million, primarily due to trading profits generated within those entities. Together, these items led to an overall fall in the fair value of financial assets held at FVTPL by the Company in the year of £1.7 million.

*Operating expenses and loss for the year*

After accounting for the above items and operating expenses of £0.2 million, the Company's loss for the year was £1.9 million.

**Statement of financial position**

The balances in the statement of financial position on page 16 relate to the Company as stand-alone entity as at both 31 August 2024 and 2023.

At 31 August 2024, the Company's net assets stood at £22.2 million. This figure comprises the fair value of the Company's investment in its subsidiaries, together with the current assets and liabilities of the Company itself; the largest liability being an intercompany balance owed to a subsidiary (£0.9 million). Whilst the Company's cash balance was £0.04 million, cash balances are managed on a Group basis (as defined below) and stood at £0.7 million at 31 August 2024.

**Proforma financial statements**

We are mindful that, following the change to investment entity status, the results for the MXC group cannot be directly ascertained. Although IFRS 10 mandates that an investment entity does not consolidate its subsidiaries, the Board believes that providing proforma, unaudited, consolidated results, on the same basis as those of previous financial years, is helpful to shareholders as it allows them to see the values of the underlying investments, loans and other assets and liabilities and to compare revenues and costs of the underlying broader MXC group.

Set out below therefore are proforma, unaudited statements which show the consolidated results and balances of the Company and its subsidiaries excluding Tialis (the "Subsidiaries", together the "Group"). Whilst Tialis is technically a subsidiary company, it is held as an investment of the Group; its results and balances are not consolidated in the proforma figures and it is instead included in the proforma Group statement of financial position as an investment held at fair value through profit or loss.

# Chief Executive Officer's Report *(continued)*

**Proforma statement of financial position:**

| | **Audited as reported[1] 31 August 2024 £000** | **Unaudited proforma[2] 31 August 2024 £000** | Unaudited proforma[2] 31 August 2023 £000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | **-** | **1** | 2 |
| Financial assets at fair value through profit or loss | **23,077** | **16,751** | 22,194 |
| Loans and other receivables | **-** | **6,569** | 7,509 |
| | **23,077** | **23,321** | 29,705 |
| **Current assets** | | | |
| Trade and other receivables | **78** | **392** | 151 |
| Loans and other receivables | **-** | **1,522** | 25 |
| Cash and cash equivalents | **41** | **749** | 913 |
| | **119** | **2,663** | 1,089 |
| **Total assets** | **23,196** | **25,984** | 30,794 |
| **Current liabilities** | | | |
| Trade and other payables | **(969)** | **(195)** | (201) |
| Income tax payable | **-** | **(42)** | (36) |
| **Current and total liabilities** | **(969)** | **(237)** | (237) |
| **Net assets** | **22,227** | **25,747** | 30,557 |
| Net assets attributable to non-controlling interests | **-** | **(3,520)** | (6,477) |
| **Net assets attributable to the owners of the parent** | **22,227** | **22,227** | 24,080 |

*[1]Company-only position*
*[2]Consolidated position of the Group*

*Financial assets at fair value through profit or loss*

The Group's equity investment portfolio at 31 August 2024 was valued at £16.8 million (2023: £22.2 million) as shown in the following table:

| | Fair value at 1 September 2023 £000 | Additions £000 | Change in fair value £000 | Disposal proceeds £000 | **Fair value at 31 August 2024 £000** |
|---|---|---|---|---|---|
| CloudCoCo Group plc | 582 | - | (447) | - | **135** |
| Tialis Essential IT plc | 8,374 | - | 1,092 | - | **9,466** |
| Private companies* | 13,238 | - | (5,899) | (189) | **7,150** |
| Total investments | 22,194 | - | (5,254) | (189) | **16,751** |

* £3.575 million of the private company investments, and £2.95 million of the fall in fair value of these investments are attributable to non-controlling interests

# Chief Executive Officer's Report *(continued)*

*Financial assets at fair value through profit or loss (continued)*
The investments in Tialis Essential IT plc and CloudCoCo Group plc are valued at the AIM-mid market price at the reporting period ends. Whilst the value of the Group's investment in Tialis increased during the year, the board continues to believe the underlying value is significantly in excess of that represented by Tialis's current share price, which we believe reflects the lack of liquidity in the stock (with MXC holding 75% of its shares).

Proceeds of £0.2 million were generated from the disposal of one of the Group's private investments. The board has assessed the value of the Group's remaining private company investment and due to current market conditions has deemed it prudent to revalue that investment down to its cost.

*Loans and other receivables*
At 31 August 2024 the Group had total outstanding loans and other receivables of £8.1 million (2023: £7.5 million). The increase in the year relates to accrued interest receivable at the end of the loans.

The Group's primary outstanding loan balance related to loan notes and accrued interest held in CloudCoCo which stood at £6.1 million at 31 August 2024. The loan notes, and all associated interest, were repaid in full by CloudCoCo on 31 October 2024.

*Cash balances*
Cash balances are managed on a consolidated basis and are predominantly held in Subsidiaries. The Group's cash balance at 31 August 2024 was £0.7 million (FY23: £0.9 million). The primary cash movements were the investment sale receipt of £0.2 million and the Group's working capital movements.

*Net assets attributable to the owners of the parent*
As at 31 August 2024, the proforma net assets of the Group, excluding the minority (non-controlling) interests' share were the same as those of the Company, at £22.2 million (2023: £24.1 million).

**Proforma statement of profit or loss**
Again, to enable shareholders to make a direct comparison with the results of previous years, a proforma statement of profit or loss has been provided on page 5 which shows the unaudited consolidated results of the Group for the year ended 31 August 2024.

*Revenue*
Revenue earned in the Subsidiaries totalled £1.5 million for the year (FY23: £1.4 million) which included £0.8 million of interest income in respect of loans and other receivables. £0.7 million of this loan interest income is accrued and receivable at the end of the loans.

*Movement in fair value of financial assets held at fair value through profit or loss*
As detailed in the investments table on page 3, the fair value of the Group's investments fell by £5.3 million in the year (FY23: £8.1 million), which is reflected in the proforma statement of profit or loss for the Group.

*Operating expenses*
Total operating expenses of the Group were £0.9 million (2023: £1.0 million). The Group continues to reduce its ongoing cost base and, post-year end, has made headcount reductions that will result in annualised savings of £0.4 million.

*Loss for the year*
Primarily as a result of the fall in the fair value of investments, the Group's proforma loss for the year attributable to shareholders of the Company was £1.9 million (2023: loss of £7.7 million), the same as that reported in the Company's statement of profit or loss.

# Chief Executive Officer's Report *(continued)*

**Proforma statement of profit or loss for the year ended 31 August:**

| | **Audited as reported[1] 2024 £000** | **Unaudited proforma[2] 2024 £000** | Unaudited proforma[2] 2023 £000 |
|---|---|---|---|
| Fee income | **-** | **700** | 700 |
| Interest income | **-** | **768** | 705 |
| **Revenue** | **-** | **1,468** | 1,405 |
| Movement in fair value of financial assets held at FVTPL | **(1,651)** | **(5,254)** | (8,117) |
| Impairment provision on loans receivable | **-** | **(11)** | (15) |
| Operating expenses | **(202)** | **(937)** | (952) |
| **Operating loss** | **(1,853)** | **(4,734)** | (7,679) |
| Finance costs | **-** | **-** | (1) |
| **Loss on ordinary activities before taxation** | **(1,853)** | **(4,734)** | (7,680) |
| Tax on loss on ordinary activities | **-** | **(76)** | (34) |
| **Loss for the year** | **(1,853)** | **(4,810)** | (7,714) |
| **Attributable to:** | | | |
| Owners of the parent | **(1,853)** | **(1,853)** | (7,666) |
| Non-controlling interests | **-** | **(2,957)** | (48) |

[1]*Company-only results thereafter*
[2]*Consolidated Group results*

We look forward to updating shareholders with further progress in due course.

**Ian Smith**
**Chief Executive Officer**
9 December 2024

# Strategic Report

The directors present their Strategic Report for the year ended 31 August 2024.

**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 predominantly comprise the fair value of the Company's investments and cash balances. 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.

In March 2020, as part of their evaluation of the strategic options open to the Company, the Directors conducted a review of the benefits and drawbacks to the Company and its shareholders in retaining the listing of the Company's Ordinary Shares on AIM. As part of this review, the Board had considered, inter alia, the following key factors:

- For several years, the Company's Ordinary Shares traded at a discount to the Company's NAV. In addition, there was limited on-market trading activity or liquidity in the Company's Ordinary Shares. Shareholders therefore had no way of exiting MXC other than by way of a sale of Ordinary Shares at a significant discount to the NAV per share; and

- The cost and management time, together with the legal and regulatory burden associated with maintaining the Company's admission to trading on AIM were, in the Board's opinion, was disproportionate to the benefits to the Company. It was estimated that Cancellation would reduce the Company's recurring administrative and advisor costs by £0.2 million per annum.

The vote to delist was carried. Within the respective notice to shareholders was a target date of 5 years within which to wind up MXC and distribute remaining assets to shareholders.

In his report on page 1, the Chief Executive Officer outlines our current path to exit. Recognising that COVID, and its social, commercial and market impacts in 2020 and beyond, will likely push us beyond that 5-year target, within this narrative, we will be balancing the likelihood of improving remaining shareholder returns over time against the cost of maintaining the MXC structure. You will note within this report and financial statements that we have put steps in motion to further reduce ongoing costs.

**Risks and risk management**
Identifying, evaluating and managing the principal risks and uncertainties facing the Company and its subsidiaries 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 Company 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 Company operates. The key financial risks of the Company are detailed in note 12. The key non-financial risks that the Company faces are listed below.

**Portfolio of investments and loans receivable**
The Company's largest asset is its investment in its direct and indirect subsidiaries, including the portfolio of investments and loans receivable the subsidiaries hold in both quoted and unquoted businesses. The Company is therefore subject to a number of risks in this area, both in terms of engagement with the investee companies and also with the performance of those companies themselves. The key risks the Company faces in this area are:

# Strategic Report *(continued)*

## Risks and risk management *(continued)*

***Ability to realise value of investee companies or loans***

Investments held by the Company or its subsidiaries may not be realisable immediately, or for the value at which they are included in the financial statements. This is a particular risk given the size of the investee businesses and that they are either private companies, or quoted companies with low liquidity. Such companies frequently lack the financial strength, diversity and resources to overcome or survive periods of economic and/or commercial 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 Company. Similarly, any such underperformance in an investee or loanee company may affect its ability to repay any loan financing advanced to it by the Company's subsidiaries, again impacting upon the value of the Company.

The Company is also reliant upon the integrity of the financial and non-financial governance within the investee companies. The Company'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 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.

***Early stage of development and limited operating history of investee companies***

Businesses in which the Company's subsidiaries invest (both in terms of equity or loan capital) 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 Company 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, or allow for loan commitments owed to the Company's subsidiaries to be repaid. The Company'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 Company 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. Senior employees hold shares in the Company but there can be no guarantee that such individuals will be retained or new employees identified and employed.

# Strategic Report *(continued)*

## Risks and risk management *(continued)*

**Market and economic conditions**
At the date of signing this report, the global economic and political uncertainty, together with high interest rates and the continued effect of previous high levels of inflation, continues to have a significant impact on the UK economy. As a result, the final impact of these events on the Company's investments, and the ability of the investee companies to repay any of their own financing commitments, including monies owed to the Company's subsidiaries, is hard to predict. Therefore, the carrying values of the investments and the loans underpinning those values may differ from their recoverable amounts. The Company 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**
9 December 2024

# Directors' Report

The directors present their report together with the audited financial statements for the year ended 31 August 2024 for MXC Capital Limited (the "Company"). See note 1.3 for the basis of preparation of these financial statements.

**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 Company is a permanent capital vehicle that is responsible for the execution and supervision of the principal strategy of its subsidiaries, being maximising returns from investments in technology companies.

**Results and dividends**
The trading results for the year and the Company'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 2024 (2023: £nil).

**Principal risks and uncertainties**
The principal risks and uncertainties are detailed within the Strategic Report, on pages 6 to 8.

Details of the Company's financial risk management objectives and policies are set out in note 12 of these 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** | **2024 total** | 2023 total |
|---|---|---|---|---|---|
| | **£000** | **£000** | **£000** | **£000** | £000 |
| Ian Smith | **165** | **-** | **-** | **165** | 165 |
| Paul Guilbert | **35** | **-** | **-** | **35** | 35 |

# Directors' Report *(continued)*

**Directors' interests**
As at 31 August 2024 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: | | |
|---|---|---|
| | **2024** | 2023 |
| Ian Smith | **6,520,238** | 6,508,637 |
| Paul Guilbert | **29,177** | 29,177 |

**Going concern**
Cash balances for the Company and its wholly-owned subsidiaries (the "MXC Group") are managed on a consolidated basis and are primarily held within the Company's wholly-owned subsidiary, MXC Guernsey Limited ("MXCG"). At 31 August 2024, the consolidated cash balance of the MXC Group was £0.7 million. The Company meets its day-to-day working capital requirements through support from MXCG. The directors have reviewed the Company's and MXCG's financial projections and have considered reasonably possible changes in trading performance and the timing of key strategic events. The directors have a reasonable expectation that the Company has adequate resources available to it, in the form of funding provided by MXCG, to continue in operational existence for a minimum of 12 months from the approval of these financial statements. The directors are therefore satisfied that it is appropriate to prepare the Company's financial statements on a going concern basis.

**Related party transactions**
Details of the Company's transactions and year end balances with related parties are set out in note 15 of the financial statements.

**Subsequent events**
See note 16 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 financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company'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
9 December 2024

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 Annual Report and financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for the Company for each financial year. The directors have prepared financial statements for the Company in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") 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 as at the end of the financial period and of the profit or loss for that period.

In preparing each of the 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company 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 Company 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 Company'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 financial statements of MXC Capital Limited (the 'Company') for the year ended 31 August 2024 which comprise the Statement of Profit or Loss, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying financial statements:

- give a true and fair view of the financial position of the Company as at 31 August 2024, and of its financial performance and its cash flows for the year then ended;
- are in accordance with the International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB); 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 financial statements' section of our report. We are independent of the Company 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 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 but does not include the financial statements and our auditor's report thereon.

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

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

**Responsibilities of directors for the financial statements**
The directors are responsible for the preparation of the financial statements which give a true and fair view in accordance with IFRS Accounting Standards as issued by the IASB, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

**Auditor's responsibilities for the audit of the financial statements**

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

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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.

**Use of our report**

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

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

**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 Company; or
- the Company's 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.

**Grant Thornton Limited**
Chartered Accountants
St Peter Port, Guernsey
10 December 2024

# Statement of Profit or Loss
***for the year ended 31 August 2024***

| | Notes | **2024 £000** | 2023 £000 |
|---|---|---|---|
| Fee income | | **-** | 116 |
| Interest income | 5 | **-** | 109 |
| **Revenue** | | **-** | 225 |
| Dividends received | | **-** | 3,250 |
| Movement in fair value of financial assets held at FVTPL | 8 | **(1,651)** | (10,708) |
| Gain on transition to IFRS 10 investment entity | | **-** | 42 |
| Operating expenses | | **(202)** | (468) |
| **Operating loss** | 3 | **(1,853)** | (7,659) |
| Finance costs | 5 | **-** | (1) |
| **Loss on ordinary activities before taxation** | | **(1,853)** | (7,660) |
| Tax on loss on ordinary activities | 6 | **-** | (6) |
| **Loss and total comprehensive income for the year** | | **(1,853)** | (7,666) |

On 3 November 2022, the Company became an IFRS 10 investment entity. The statement of profit or loss for the year ended 31 August 2024 reflects the results of the Company as a stand-alone entity. The figures for the year ended 31 August 2023 comprise the consolidated results of the Company and its subsidiaries from 1 September 2022 to 3 November 2022, together with the results of the Company as a stand-alone entity thereafter.

The notes on pages 19 to 34 form an integral part of these financial statements.

## Statement of Financial Position
***as at 31 August 2024***

| | Notes | **31 August 2024 £000** | 31 August 2023 £000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Financial assets at fair value through profit or loss | 7 | **23,077** | 24,728 |
| **Current assets** | | | |
| Trade and other receivables | 9 | **78** | 90 |
| Cash and cash equivalents | 10 | **41** | 59 |
| | | **119** | 149 |
| **Total assets** | | **23,196** | 24,877 |
| **Current liabilities** | | | |
| Trade and other payables | 11 | **(969)** | (797) |
| **Current and total liabilities** | | **(969)** | (797) |
| **Net assets** | | **22,227** | 24,080 |
| **Equity** | | | |
| Share premium | 13 | **42,084** | 42,084 |
| Share-based payments reserve | | **95** | 95 |
| Retained earnings | | **(19,952)** | (18,099) |
| **Total equity** | | **22,227** | 24,080 |

The notes on pages 19 to 34 form an integral part of these financial statements.

These financial statements on pages 15 to 34 were approved by the Board on 9 December 2024 and signed on its behalf by:

Ian Smith
Director

P Guilbert
Director

# Statement of Changes in Equity
*for the year ended 31 August 2024*

| | 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 2022** | **45,356** | **429** | **(23,712)** | **12,945** | **35,018** | **6,525** | **41,543** |
| **Loss and total comprehensive income for the year** | - | - | - | (7,666) | (7,666) | - | (7,666) |
| **Transactions with owners** | | | | | | | |
| Tender offer costs | (3,272) | - | - | - | (3,272) | - | (3,272) |
| Transfer on exercise/lapse of share options | - | (334) | - | 334 | - | - | - |
| Transfer on transition to IFRS 10 investment entity | - | - | 23,712 | (23,712) | - | - | - |
| Derecognition of NCI on transition to IFRS 10 investment entity | - | - | - | - | - | (6,525) | (6,525) |
| | (3,272) | (334) | 23,712 | (23,378) | (3,272) | (6,525) | (9,797) |
| **Balance at 31 August 2023** | **42,084** | **95** | **-** | **(18,099)** | **24,080** | **-** | **24,080** |
| **Loss and total comprehensive income for the year** | - | - | - | (1,853) | (1,853) | - | (1,853) |
| **Balance at 31 August 2024** | **42,084** | **95** | **-** | **(19,952)** | **22,227** | **-** | **22,227** |

The notes on pages 19 to 34 form an integral part of these financial statements.

# Statement of Cash Flows
***for the year ended 31 August 2024***

| | Notes | **2024 £000** | 2023 £000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Loss on ordinary activities before taxation | | **(1,853)** | (7,660) |
| Adjustments for: | | | |
| Movement in fair value of investments | 7 | **1,651** | 10,708 |
| Gain on transition to IFRS 10 investment entity | | **-** | (42) |
| Depreciation | | **-** | 13 |
| Net finance income | | **-** | (108) |
| Decrease/(increase) in trade and other receivables | | **12** | (22) |
| Increase in trade and other payables | | **172** | 537 |
| **Net cash flows (used in)/generated from operating activities** | | **(18)** | 3,426 |
| **Cash flows from investing activities** | | | |
| Proceeds from disposal of investments | | **-** | 825 |
| Loans advanced | | **-** | (1,485) |
| Loan repayments received | | **-** | 660 |
| Interest received | | **-** | 1 |
| **Net cash flows generated from investing activities** | | **-** | 1 |
| **Cash flows from financing activities** | | | |
| Tender offer costs | | **-** | (3,272) |
| Interest paid | | **-** | (1) |
| Lease liabilities repaid | | **-** | (11) |
| **Net cash flows used in financing activities** | | **-** | (3,284) |
| **Net (decrease)/increase in cash and cash equivalents in year** | | **(18)** | 143 |
| Cash retained in subsidiaries on transition to IFRS 10 investment entity | | **-** | (3,833) |
| Cash and cash equivalents at beginning of year | | **59** | 3,749 |
| **Cash and cash equivalents at end of year** | | **41** | 59 |

On 3 November 2022 the Company became an IFRS 10 investment entity. The statement of cash flows for the year ended 31 August 2024 reflects the cash flows of the Company as a stand-alone entity. The figures for the year ended 31 August 2023 comprise the consolidated cash flows of the Company and its subsidiaries (“the Group”) from 1 September 2022 to 3 November 2022, together with the cash flows of the Company as a stand-alone entity thereafter.

The notes on pages 19 to 34 form an integral part of these financial statements.

# Notes to the Financial Statements

## 1 General information

MXC Capital Limited (the "Company", together with its subsidiaries "the Group") 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 investor in technology companies. The Company is a permanent capital vehicle that is responsible for the execution and supervision of the Group's strategy.

### 1.1 Basis of preparation

These financial statements have been prepared using the measurement bases specified by International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The detailed measurement bases and principal accounting policies of the Company and, where applicable, its subsidiaries (the "Group") are set out below. The accounting policies have been applied consistently throughout the Company and the Group for the purposes of the preparation of these financial statements. The presentational currency of the Group and functional currency of the Company is Sterling (£). The financial statements have been rounded to the nearest thousand.

As detailed in note 1.3, these financial statements reflect the Group results and balances for all periods to 3 November 2022 and those of the stand-alone Company thereafter.

### 1.2 Subsidiaries

Subsidiaries are all entities over which the Company has control. The Company controls an entity when it 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. See note 8 for details of the Company's subsidiaries.

### 1.3 Investment entity status and consolidation

Under IFRS 10, an investment entity is an entity that:

- Obtains funds from one or more investors for the purpose of providing those investors with investment management services;
- Commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- Measures and evaluates the performance of substantially all of its investments on a fair value basis.

As required by IFRS 10, a parent entity should reassess whether it has become, or has ceased to be, an investment entity if relevant facts and circumstances change. Following the conversion of loan notes held in Tialis Essential IT plc (formerly IDE Group Holdings plc) to equity on 3 November 2022, the Board reassessed whether the Company now met the IFRS 10 definition of an investment entity and concluded that it did, effective from 3 November 2022. Further details regarding the judgements applied in making this assessment are given in note 2.13(i).

IFRS 10 requires that a company which is an investment entity does not consolidate its subsidiaries and, instead, reflects its investment in subsidiaries at fair value through profit or loss. The Company has one direct subsidiary, MXC Guernsey Limited ("MXCG"), and several indirect subsidiaries, being entities controlled by MXCG (see note 8). Certain of the indirect subsidiaries are non-investment entity service subsidiaries ("Service Subsidiaries"). Under IFRS 10, an investment entity is required to continue to consolidate direct Service Subsidiaries but does not consolidate indirect ones, as is the case here. Also, under the provisions of IFRS 10, a company's indirect subsidiaries are not separately measured at fair value through profit or loss. Instead, they form part of the direct subsidiary's fair value.

Prior to 3 November 2022, the Company was not an IFRS 10 investment entity and therefore consolidated the results of its subsidiaries up to that date. The statement of profit or loss for the year ended 31 August 2023 therefore comprises the consolidated statement of profit or loss of the Group from 1 September 2022 to 2 November 2022 plus the statement of profit or loss of the Company as stand-alone entity from 3 November 2022 to 31 August 2023. From 3 November 2023, the Company ceased to consolidate its subsidiaries.

# Notes to the Financial Statements

## 1 General information *(continued)*

### 1.4 Going concern

Cash balances for the Company and its wholly-owned subsidiaries (the "MXC Group") are managed on a consolidated basis and are primarily held within the Company's wholly-owned subsidiary, MXC Guernsey Limited ("MXCG"). At 31 August 2024, the consolidated cash balance of the MXC Group was £0.7 million. The Company meets its day-to-day working capital requirements through support from MXCG. The directors have reviewed the Company's and MXCG's financial projections and have considered reasonably possible changes in trading performance and the timing of key strategic events. The directors have a reasonable expectation that the Company has adequate resources available to it, in the form of funding provided by MXCG, to continue in operational existence for a minimum of 12 months from the approval of these financial statements. The directors are therefore satisfied that it is appropriate to prepare the Company's financial statements on a going concern basis.

## 2 Accounting policies

### 2.1 Revenue

Revenue relates to that earned by the Group for the period of consolidation in the previous financial year (see note 1.3) and 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. The Company has no revenue.

### 2.2 Fee income

Fee income earned by the Group for the period of consolidation in the previous financial year 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.

# Notes to the Financial Statements

## 2 Accounting policies *(continued)*

### 2.2 Fee income *(continued)*

The recognition of the revenue earned by the Group for the period of consolidation in the previous financial year 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.

***(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.

### 2.3 Interest income

Interest income and expense of the Group for the period of consolidation in the previous financial year 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 statement of profit or loss.

# Notes to the Financial Statements

## 2 Accounting policies *(continued)*

### 2.4 Taxation
The Company is taxed at the standard rate in Guernsey of 0%.

### 2.5 Investments
Investments of the Company comprise equity securities held in its direct subsidiary undertaking. 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.

The direct and certain indirect 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, during the period of consolidation, the Group took advantage of the exemptions from applying the equity method to account for associates and joint ventures available under IAS 28 and designated such investments as FVTPL on initial recognition.

### 2.6 Cash and cash equivalents
Cash and cash equivalents comprise immediately accessible cash at bank.

### 2.7 Financial assets
In accordance with IFRS 9, financial assets are classified 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 financial assets are classified as detailed below.

***(i) Trade and other 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.

***(ii) Financial assets at fair value through profit or loss***
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 consolidated statement of profit or loss.

### 2.8 Financial liabilities
Financial liabilities are obligations to pay cash or other financial assets and are recognised when the entity becomes a party to the contractual provisions of the financial instrument. 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.

### 2.9 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 Financial Statements

## 2 Accounting policies *(continued)*

### 2.10 Share-based payments

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

Equity-settled share options and awards have been issued 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 Company'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 14 for further details.

### 2.11 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.

### 2.12 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 2023 that had a significant effect on the financial statements. Furthermore, none of the amendments to standards that are effective from that date had a significant effect on these 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 Company's accounting period beginning on or after 1 September 2024 or later periods. The impact of these standards is not expected to be material to the reported results and financial position.

# Notes to the Financial Statements

## 2 Accounting policies *(continued)*

### 2.13 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 Board believes to have the most significant impact on the annual results under IFRS.

***(i) Status as an investment entity in accordance with IFRS 10***

Alongside assessing the three defining characteristics of an IFRS 10 investment entity detailed in note 1.3, in determining the Company's status the directors also considered the following typical characteristics of an investment entity as detailed in IFRS 10:

- It has more than one investment
- It has more than one investor;
- It has investors that are not related parties of the entity; and
- It has ownership interests in the form of equity or similar interests.

The Company has numerous non-related party investors who have equity ownership of the Company, in the form of issued share capital. The Company (via its investment entity subsidiaries) has deployed funds raised from investors into several investments, which are held with the objective of generating capital returns which will, in turn, be distributed to its investors. The Company evaluates investments' performance on a fair value basis, in accordance with the policies set out in these financial statements.

Although the Company met all three defining criteria and the typical characteristics, the directors have also assessed in detail the business purpose of the Company, the investment strategies for its investments and those of its investment-holding subsidiaries, the nature of any earnings from the investments, and the fair value models. The directors made this assessment in order to determine whether any additional areas of judgement exist with respect to the typical characteristics of an investment entity versus those of the Company. The directors concluded that the Company meets the IFRS 10 definition of an investment entity; their conclusion is a significant judgement in the preparation of these financial statements.

***(ii) Accounting for associates and joint ventures***

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, in the period to 3 November 2022, 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***

Investments are held which are measured at fair value through profit or loss. The fair value of these investments is estimated at the reporting period end, under methods detailed in note 7. Estimated fair values may vary from actual prices that would be achieved in an arm's length transaction at the reporting date.

# Notes to the Financial Statements

## 2 Accounting policies *(continued)*

### 2.13 Critical accounting estimates and judgements (*continued*)

***(iv) Recoverability of loans and other receivables***

The Group has outstanding loans, loan notes and other receivables ("Loans") which are held within subsidiary companies. These Loans form part of the fair value of the Company's investment in its direct subsidiary. The directors do not believe there are any signs of impairment in respect of the Loans, which totalled £7.6 million at the reporting period end. Given the quantum of the Loans and the timescales until redemption, the recoverability of the Loans, and therefore their valuation within the fair value of the Company's subsidiary, is a significant estimate.

***(v) Control assessment***

See note 8 for details of the Company's subsidiary undertakings.

## 3 Operating loss

Operating loss is stated after charging to operating expenses:

| | **2024** **£000** | 2023 £000 |
|---|---|---|
| Depreciation of owned assets | **-** | 2 |
| Depreciation of assets held under finance leases | **-** | 11 |
| Net payroll costs (note 4) | **44** | 44 |
| Subsidiary staff costs | **-** | 117 |
| Recharges of operating expenses from group companies | **40** | 165 |
| Auditor's remuneration: | | |
| Audit of financial statements | **34** | 30 |
| *Non-audit services* | | |
| Taxation services | **2** | 2 |

2024 comprises 12 months' Company-only figures. 2023 comprises 2 months' consolidated figures and 10 months' Company-only.

# Notes to the Financial Statements

## 4 Particulars of staff

The average number of persons employed by the Company, including the executive director, during the year was:

| | **2024** | 2023 |
|---|---|---|
| | **No** | No |
| Fee earners and administration | **1** | 1 |

The aggregate payroll costs of these persons were:

| | **2024** | 2023 |
|---|---|---|
| | **£000** | £000 |
| Wages and salaries | **165** | 165 |
| Social security costs | **11** | 11 |
| **Total payroll costs** | **176** | 176 |
| Recharged to group company | **(132)** | (132) |
| Net payroll costs | **44** | 44 |

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

| | **2024** | 2023 |
|---|---|---|
| | **£000** | £000 |
| Aggregate emoluments including short-term benefits and fees | **200** | 200 |

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

| | **2024** | 2023 |
|---|---|---|
| | **£000** | £000 |
| Aggregate emoluments including short-term employee benefits | **165** | 165 |

The remuneration of individual directors, who are the key management personnel, is disclosed in the Directors' Report on page 9. No retirement benefits in respect of defined contribution schemes are accruing to any directors.

# Notes to the Financial Statements

## 5 Finance income and costs

| | **2024 £000** | 2023 £000 |
|---|---|---|
| **Finance income** | | |
| Interest on loans receivable | **-** | 103 |
| Interest on cash and cash equivalents | **-** | 6 |
| | **-** | 109 |

| | **2024 £000** | 2023 £000 |
|---|---|---|
| **Finance cost** | | |
| Interest expense on lease liabilities | **-** | 1 |

2024 comprises 12 months' Company-only figures. 2023 comprises 2 months' consolidated figures and 10 months' Company-only.

## 6 Taxation

(a) Tax on (loss)/profit on ordinary activities

| | **2024 £000** | 2023 £000 |
|---|---|---|
| **Current tax** | | |
| Current year charge – UK corporation tax | **-** | 6 |
| **Total tax charge** | **-** | 6 |

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

(b) Reconciliation of the total income tax charge

| | **2024 £000** | 2023 £000 |
|---|---|---|
| Loss on ordinary activities before taxation | **(1,853)** | (7,660) |
| Expected tax expense at 0% | **-** | - |
| UK corporation tax rate of 19.0% payable on UK profits | **-** | 6 |
| **Total tax charge** | **-** | 6 |

2024 comprises 12 months' Company-only figures. 2023 comprises 2 months' consolidated figures and 10 months' Company-only.

# Notes to the Financial Statements

## 7 Financial assets at fair value through profit or loss

| | Quoted company investments £000 | Unquoted company investments £000 | Total £000 |
|---|---|---|---|
| At 1 September 2022 | 2,565 | 13,874 | 16,439 |
| Additions | 14,697 | - | 14,697 |
| Disposals | - | (825) | (825) |
| Derecognised on transition to IFRS 10 investment entity | (13,942) | (13,049) | (26,991) |
| Fair value of subsidiary recognised on transition to IFRS 10 investment entity | - | 32,116 | 32,116 |
| Movement in fair value | (3,320) | (7,388) | (10,708) |
| **At 31 August 2023** | **-** | **24,728** | **24,728** |
| Additions | - | - | - |
| Disposals | - | - | - |
| Movement in fair value | - | (1,651) | (1,651) |
| **At 31 August 2024** | **-** | **23,077** | **23,077** |

Investments are measured at fair value and presented as financial assets at fair value through profit or loss in the 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 Company's equity investments at 31 August 2024 and 2023 comprise 100% of the issued share capital of MXC Guernsey Limited ("MXCG"), a private company, which is categorised as a level 3 asset in both years. There were no transfers between fair value categories in either year.

MXCG itself holds equity investments and debt instruments in both quoted and unquoted companies. The fair value of the Company's investment in MXCG is based on MXCG's total net assets at each reporting date, as that company accounts for the majority of its assets and liabilities at fair value. At 31 August 2024, MXCG's net assets totalled £23.1 million. The financial data of MXCG is not observable on the market and its valuation is a significant judgement in the preparation of these financial statements. If a sensitivity of +/- 10% was applied to the to the level 3 investment, its fair value would increase by £1.4 million/decrease by £1.5 million respectively.

# Notes to the Financial Statements

## 8 Subsidiaries

At 31 August 2024 and 2023 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% |
| Tialis Essential IT plc* | Managed services provider | Scotland | 74.8% |
| 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% |

* held indirectly

There are no restrictions on the ability of the unconsolidated subsidiaries to transfer funds to the Company for cash dividends or to repay loans. In addition, other than the outstanding payment due to the Company for the recharge of expenses to its subsidiaries (see note 15), the Company has not provided, and has no commitments or intention to provide, financial support to any subsidiary.

Significant judgement and assumptions
Whist the Company indirectly holds 50% of MXC JV Limited's ordinary share capital, it indirectly holds 100% of that Company's voting rights. In addition, the Company has appointed MXC JV Limited's director. Management therefore considers the Company to have control of MXC JV Limited. As with its other subsidiaries noted above, as the Company is an investment entity under IFRS 10, it does not consolidate its subsidiary undertakings and instead accounts for them at fair value through profit or loss (see note 1.3).

## 9 Trade and other receivables

| | **2024** | 2023 |
|---|---|---|
| | **£000** | £000 |
| Amounts owed from group undertakings (see note 15) | **46** | 57 |
| Prepayments and accrued income | **32** | 33 |
| | **78** | 90 |

No classes of assets within trade and other receivables 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 trade and other receivables are all denominated in Sterling.

# Notes to the Financial Statements

## 10 Cash and cash equivalents

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

| | **2024** | 2023 |
|---|---|---|
| | **£000** | £000 |
| Cash at bank | **41** | 59 |

## 11 Trade and other payables

| | **2024** | 2023 |
|---|---|---|
| | **£000** | £000 |
| **Current** | | |
| Trade payables | **4** | 1 |
| Amounts owed to group undertakings (see note 15) | **904** | 736 |
| Tax and social security | **9** | 9 |
| Accruals and deferred income | **52** | 51 |
| | **969** | 797 |

## 12 Financial instruments and financial risk management

**Risk management objectives and policies**
The investment objective of the Company is to maximise its total return primarily through the capital appreciation of its investments. The Company holds 100% of the issued share capital in its direct subsidiary, MXC Guernsey Limited (“MXCG”), which in turn holds investments in the form of equities and loan instruments. In addition, the Company holds cash as well as having receivables and payables that arise directly from its operations. The Company’s overall risk management programme focuses on the unpredictability of the financial markets which may impact the value of its investment in MXCG and seeks to minimise potential adverse effects on its financial performance. The main financial risks that the Company is exposed to, through its investment in MXCG, 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 Company is exposed are described below and relate to the following financial instruments:

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

- Financial assets at fair value through profit or loss
- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables

# Notes to the Financial Statements

## 12 Financial instruments and financial risk management *(continued)*

**Principal financial instruments** *(continued)*

| | 2024 £000 | 2023 £000 |
|---|---|---|
| **Financial assets** | | |
| Financial assets at fair value through profit or loss | **23,077** | 24,728 |
| Trade and other receivables | **46** | 57 |
| Cash and cash equivalents | **41** | 59 |
| | **23,164** | 24,844 |

| | 2024 £000 | 2023 £000 |
|---|---|---|
| **Financial liabilities** | | |
| Trade and other payables – excluding statutory liabilities | **960** | 788 |

**Financial risk management**

*Currency risk*

The Company has no direct exposure to currency risk. However, it may be indirectly exposed to currency risk through the companies its direct subsidiary, MXCG invests in. The Company does not hedge against currency risk, which the Board of Directors believe is a low risk to MXCG and the Company.

*Interest rate risk*

The Company finances its operations through a mixture of Shareholders' capital and reserves, together with non interest-bearing financing from group companies. The Company does hold any interest bearing assets or liabilities and therefore is not directly exposed to interest rate risk. The Company is, however, indirectly exposed to interest rate risk through MXCG and its related investments. Interest bearing loans made by MXCG are at fixed interest rates and are therefore not considered a high interest rate risk. Cash deposits within MXCG are potentially exposed to movements in interest rates. However, due to the generally low rates available, a movement in interest rates would not have a material financial impact on the fair value of the Company's investment in MXCG. Therefore, the Company does not hedge against the interest rate risk to which it is exposed.

*Other price risk*

The Company's exposure to other price risk consists mainly of movements in the value of certain of MXCG's investments which in turn impact the fair value of the Company's investment in MXCG. 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 MXCG's quoted equity securities, as in previous years, a 10% price movement is considered to be a suitable basis to apply to relevant quoted 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. If the valuation of the company's quoted investments increased or decreased by 10%, the Company's profit or loss and equity in 2024 would have changed by £1.0 million (2023: £0.9 million) in either direction.

*Credit risk*

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company. The Company is exposed to this risk principally in respect of cash deposits with financial institutions and its trade receivables. The Company'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 Company'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.

# Notes to the Financial Statements

## 12 Financial instruments and financial risk management *(continued)*

**Financial risk management** *(continued)*

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

The Company considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables together with funding from its subsidiary, MXCG. MXCG's existing cash resources significantly exceed the current cash outflow requirements for both itself and the Company.

The tables below analyse the financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. These amounts disclosed in the table are the contracted undiscounted cash flows. Balances within 12 months equal their carrying balances as the impact of discounting is not significant.

| **2024:** | **Within 12 months £000** |
|---|---|
| Trade payables | **4** |

| 2023: | Within 12 months £000 |
|---|---|
| Trade payables | 1 |

*Concentration risk*
Concentration risk is the risk that the Company may be adversely affected by MXCG's 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 Board mitigates this risk and the impact it may have on reported results.

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

- to ensure the Company can meet its liabilities as they fall due; and
- to maximise the Company'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 Company funds its expenditure on commitments as detailed in "Liquidity Risk" above. 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 Company's commitments and development plans and the performance of the Company's investments.

# Notes to the Financial Statements

## 13 Share premium

| **Ordinary shares of no par value** | **Number of shares** | **Share Premium £000** |
|---|---|---|
| At 1 September 2022 | 42,346,720 | 45,356 |
| Issue of share capital | 200,000 | - |
| Shares cancelled | (4,457,550) | (3,272) |
| At 31 August 2023 | 38,089,170 | 42,084 |
| **At 31 August 2024** | **38,089,170** | **42,084** |

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

There were no share events in the year ended 31 August 2024.

2023 share events:
Following a tender offer to all shareholders, in April 2023 4,457,550 Ordinary shares were purchased by the Company at a price of 73p per share. All Ordinary shares purchased in the tender offer were subsequently cancelled.

In July 2023, 200,000 Ordinary shares were issued at a price of 0.0p per share to satisfy the exercise of share options.

## 14 Share based payments

**Share option scheme**
The Company had 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:

| | **2024 Number of share options** | **2024 Weighted average exercise price £** | 2023 Number of share options | 2023 Weighted average exercise price £ |
|---|---|---|---|---|
| Outstanding at the beginning of the year | - | - | 532,883 | 0.50 |
| Exercised in year | - | - | (200,000) | - |
| Lapsed in year | - | - | (332,883) | 0.50 |
| Outstanding at the end of the year | - | - | - | - |
| Exercisable at the end of the year | - | - | - | - |

# Notes to the Financial Statements

## 14 Share based payments *(continued)*

**Long term incentive plan ('LTIP')**
In previous years, the Company 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 2024, awards over 0.93% of shareholder value were in place (2023: 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.

## 15 Related party transactions

The remuneration of the directors is as disclosed in note 4 and on page 9.

During the year ended 31 August 2024, the Company received a dividend of £nil (2023: £3,250,000) from its subsidiary, MXC Guernsey Limited. Other transactions entered into, and trading balances outstanding at 31 August with related parties, are as follows:

| | Services provided by/(to) the Company £000 | Amounts owed to/(by) the Company £000 |
|---|---|---|
| **Subsidiaries** | | |
| **2024** – amounts recharged by the Company | **158** | **46** |
| **2023** – amounts recharged by the Company | 158 | 57 |
| | | |
| **2024** – amounts recharged to the Company | **(40)** | **(904)** |
| **2023** – amounts recharged to the Company | (198) | (736) |

*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 group companies are unsecured and interest free, with balances are placed on intercompany accounts with no specified credit period. The Company has not provided or benefited from any guarantees for any related party receivable or payable.

The directors are not aware of any ultimate controlling party.

## 16 Events after reporting period

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