



**LONDON
STOCK
EXCHANGE**

An LSEG Business



RNS

Half-year/Interim Report

RegTech
OPEN PROJECT

INTERIM REPORT

[REGTECH OPEN PROJECT PLC](#)

Released 17:42:56 28 March 2024

RNS Number : 80541
RegTech Open Project PLC
28 March 2024

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF ARTICLE 7 OF REGULATION 2014/596/EU, WHICH IS PART OF DOMESTIC LAW OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND ("UK") PURSUANT TO THE MARKET ABUSE (AMENDMENT) (EU EXIT) REGULATIONS (SI 2019/310) ("UK MAR"). UPON THE PUBLICATION OF THIS ANNOUNCEMENT, THIS INSIDE INFORMATION (AS DEFINED IN UK MAR) IS NOW CONSIDERED TO BE IN THE PUBLIC DOMAIN.

28 March 2024

RegTech
OPEN PROJECT

RegTech Open Project plc

("RTOP" or the "Company")

Interim Results for the period ended 31 December 2023

RegTech Open Project plc (LSE: RTOP), the technology business specialised in the automation, management, and optimisation of regulatory compliance operations, announces its unaudited results for the period ended 31 December 2023.

Financial summary

- Revenue of £0.4 million represents trading for approximately 4.5 months from 14 August 2023, the date the Company assumed control of the Italian trading business, to 31 December 2023. This figure includes £0.2 million of subscription and maintenance revenues which are recurring in nature, the balance being for professional services and licences.
- These 4.5 months show an adjusted EBITDA loss of £0.9 million which represents the company's underlying trading.
- The overall loss before tax of £8.4 million includes £1.0 million of exceptional listing costs and £6.0 million of non-cash costs related to the issue of warrants as outlined in the prospectus.
- £1,046,566 of funding received under the Shareholder Loan Agreement as at 31 December 2023.

Operational summary

- August 2023: Board members appointed, with Ian Halliday-Pegg as CEO and Albert Ganyushin as Board Chair, and RTOP listed on the main market of the London Stock Exchange.
- RTOP executed comprehensive operational enhancements to prepare for scale-up including, inter alia, Company branding and website, marketing and sales operations, and engaged our customers to evaluate their usage of our products to clearly understand their path to increasing maturity in Operational Resilience and how we can support that journey with our solutions.
- The appointment of the CFO on 5 December 2023 has allowed the company to undertake a thorough review of its financial systems and procedures.

- The sales team has worked to grow the pipeline of new sales to a total of £1.1 million as at 31 December 2023, of which 45% was sales to existing customers, and 70% of the pipeline is new subscriptions (recurring revenues).
- RTOP benefitted from partnerships, collaborating on customer projects and tenders in the private and public sector with the 'big four' consultancies in Italy, and with its long-term strategic software partner Everbridge.
- In addition, RTOP has worked as part of a consortium with the Association of Italian Banking (ABI) developing the Italian banking industry's new framework for operational resilience, supporting compliance with European Digital Operational Resilience Act ("**DORA**"). This will position RTOP at the forefront in Italy and Europe for the provision of DORA-ready resilience solutions to banking and financial services.
- The business received £1,046,566 in funds from the shareholder loan, which partially performed in the period. The board has managed the business prudently in light of this and has considered alternative sources of capital to mitigate the partial performance.

Current trading and outlook

- Q1 renewals include an approximate 10% increase in fees for existing services; RTOP will seek further incremental growth from existing customers through conversion of legacy BCM licences to our new operational resilience subscription service and the upselling of additional products and services.
- £0.4 million new and renewed contracts secured calendar year to date:
 - £0.2m contract renewal and extension with a major co-operative banking group
 - additional £0.2m renewals of existing recurring operational resilience contracts
- The 2024 sales pipeline for new bookings of software and related services from existing and new customers currently stands at £1.3 million.
- £0.7 million of additional funding received under the Shareholder Loan Agreement between 1 January 2024 to 28 March 2024, taking the total funds received under the Shareholder Loan Agreement to £1.7 million.

Ian Halliday-Pegg, CEO commented:

"The team has delivered significant operational enhancements in line with preparing for growth and operating as a listed company, and achieved growth in billed recurring revenues, all whilst maintaining strong customer retention and beginning to execute on the Company's strategic growth initiatives. This has been no mean feat and demonstrates the value and uniqueness of our solution as a specialised and comprehensive operational resilience offering designed to integrate with organisations' existing security and risk systems, and its relevance to the growing market for operational resilience, driven by the upcoming European and UK deadlines for operational resilience regulation in financial services. With increased investment in the rest of 2024, we look forward to capitalising on the following winds and accelerating our growth to meet our vision."

For the purposes of UK MAR, the person responsible for arranging release of this announcement on behalf of RTOP is Ian Halliday-Pegg, Chief Executive Officer of RTOP.

Enquiries:

RegTech Open Project plc

Albert Ganyushin, Chairman
Ian Halliday-Pegg, CEO

investors@regtechopenproject.co.uk

About Regtech Open Project plc

Regtech Open Project plc is a technology business specialised in Regulatory Technology (RegTech) that has developed the Orbit Open Platform, an award-winning proprietary software platform focused on Operational Resilience (OR), which helps its customers navigate an increasingly complex and demanding regulatory landscape, maintain a secure and stable operating environment, whilst improving compliance with applicable regulations and standards, and reducing the risk of business disruptions.

RTOP's shares are listed on the London Stock Exchange's main market under the ticker "RTOP". For more information, please visit www.regtechopenproject.co.uk

Chief Executive's review

Overview

The business has made steady progress since the listing, undertaking operational enhancements for growth and to operate as a plc, and delivering modest growth in recurring revenues year on year with strong customer retention. The market continues to demonstrate buoyancy and our pipeline growth indicates the relevance and unique value of our solutions as a specialised and comprehensive operational resilience offering designed to integrate with organisations' existing security and risk systems. Our existing partnerships are delivering further pipeline opportunities and our newly forming partnerships are underpinning the future strategy. The company seeks the means to invest now in significant growth through its four key initiatives, detailed in this announcement, which are all showing progress with the resources and funds currently available. With all the right pieces coming together and ready to be accelerated, we look forward to a transformational year.

Strategic and operational progress

RTOP's journey since becoming a plc has been one of transitioning to a scale-up business; building all the foundations to drive new levels of growth and scale. Along with the listing came a refresh of the company's mission, vision and values to provide a "true-north", lay the path, and set the tone. We updated the company branding and launched websites for the plc and for the Orbit Open Platform - based on revised key marketing messages. Over the first few months, the team has worked hard to prepare the business for scale up:

- Introducing solution-focused sales processes and systems to improve efficiency and sales productivity.
- Rolling out a customer success program to maximise our customers' value from our solutions, and drive opportunities for additional revenues as our customers evolve from their traditional continuity plans to being able to also respond, adapt and recover.
- Enhancing a value-based product roadmap to support our growth initiative.

- Creating new marketing collateral to reflect our brand and enhanced messaging around our specialisation and unique combination of specialist knowledge, comprehensive solutions and integration for operational resilience.

Partnerships have proven fruitful, with the big four consultancies in Italy continuing to collaborate on customer solutions and new opportunities, and our strategic partnership with Everbridge, a leading supplier of risk intelligence and emergency mass notification solutions, also driving several new tenders in the pipeline and providing upsell opportunities within our customer base as our customers move along their resilience journey with us. We are developing partnerships in cyber-security, where we are working with selected vendors to integrate their products into the Orbit platform to complete our solution-set and also aiming to provide our technology to them and collaborate on new products to enhance their own portfolio of solutions. Finally, in Insurtech, we have engaged potential partners and pilot customers and are on target to sign initial agreements with them and to conduct pilots this year.

In addition, RTOP maintained its knowledge and thought leadership through actively contributing to the ABILAB - Banking Research and Innovation Centre founded and operated by the Association of Italian Banking ("ABI") on the development of an industry-wide framework for operational resilience, incorporating the DORA framework.

To drive revenues and accelerate growth and profitability over the next 5 years, RTOP has embarked on the following four key strategic initiatives aimed at capitalising on our current position in the short and medium term, and, in parallel, building an innovative, highly scalable, high-margin business model to drive maximum future-value for our shareholders.

1. **Capture significant new sales opportunities driven by DORA operational resilience regulation.** With the January 2025 compliance deadline, there is significant priority and momentum in financial services and among ICT suppliers to invest in meeting their DORA obligations. Post-deadline, their priorities will be to demonstrate compliance and drive efficiencies in operational resilience activities. We estimate the addressable European market to be c.£3.5bn, with analyst predicted growth at 15% CAGR over the next 5 years. This market is directly in the sweet spot for RTOP, with the Orbit Open Platform being a highly comprehensive, specialised operational resilience solution, and represents an opportunity to grow RTOP's subscription based operational resilience business 10x over 5 years by completing its software solution to be best in class for operational resilience and generating significant new demand through its current big-four relationships, new value-added resellers, direct sales and digital marketing.
2. **Launch an additional scalable business line in Insurtech aimed at corporate customers.** Representing a step-change in scale and profitability, this additional business line will offer a platform, route to market and revenue streams that are highly scalable, with low-touch and high profitability. Based on internal estimates, the market opportunity is circa £5bn in Europe with 1% penetration representing £50m of available annual revenues. The solution aims to use RTOP's technology and specialist knowledge to put operational resilience assessments at the heart of the relationship between corporate customers and insurance providers, enabling the provision of tailored insurance solutions appropriate for the risk exposure and companies' ability to respond and recover from disruptive events. RTOP is in discussion with several insurance Managing General Agents (MGAs) and expects to launch the Insurtech business line by signing agreements to develop and pilot the first corporate customer solutions in the coming months.
3. **Convert legacy product clients to subscription-based products.** RTOP has a number of customers currently using Business Continuity Management ('BCM') products on a licence and maintenance basis, and we are actively working to convert these clients to our subscription-based operational resilience platform in 2024 ahead of January 2025 renewals. This aims to generate a net uplift in existing recurring revenues of c.£0.4 million and create the opportunity to upsell additional products using this platform with a potential further net uplift in recurring revenue of £0.7 million over the next two renewal cycles.
4. **Monetise non-core assets.** The Company has a portfolio of GRC products and customers that are related to, but not specifically core to, the operational resilience focus of RTOP. Consequently, the Company is exploring options to release the value embedded in these assets either via a licencing or reselling partnership to generate material net recurring revenues or a potential divestiture to generate material net proceeds to the Company. RTOP is in active discussions with institutions and potential partners as we evaluate value maximisation options for its non-core GRC product suite.

Current trading and outlook

Current Trading:

RTOP has made an encouraging start to 2024, with £0.4 million booked to date, representing a material part of the annual management plan. The majority of the booked amount is subscription renewals of operational resilience software, which has grown 10% over the equivalent renewals in 2023, and together with customer retention in excess of 90%, demonstrates RTOP's ability to retain and grow its customers in its core market.

In addition, RTOP has further increased its bookings to date with a material restructuring of a customer contract delivering an additional £0.1 million in bookings to date, with the opportunity to increase this by an additional c. £0.2 million in the second half of the year.

Outlook:

Revenues from our existing customers are set to remain strong, with loyal customers seeing value from our solutions and increasing their spend year on year to providing a growing run-rate of revenues with a low cost of sale, relative to new business. The net revenue retention is targeted at >120% in 2024, driven by the incremental increase in renewal fees, and the roll-out of a customer upsell program, which is expected to deliver additional customer revenues throughout the year, and generate a further increase in 2025 as customers add products during their annual renewal.

For new business, we are steadily building an increasing opportunity pipeline, with a good mix of recurring revenues, new customers and sectors outside of our traditional finance market, indicating the buoyancy of the market, and the applicability of our solutions. The 2024 sales pipeline for new bookings of software and related services from existing and new customers is currently £1.3 million, with £0.85 million in our traditional Banking, Financial Services and Insurance sectors, and £0.45 million in our newer Manufacturing and Technology sectors. This pipeline includes several tenders with leading blue-chip organisations. The bookings outlook would indicate the ability to perform against management plan this year.

Finance review

The consolidated statement of comprehensive income for the period shows trading from the newly incorporated Italian branch covering the period from 14 August 2023 to 31 December 2023.

	Unaudited period to 31 December 2023 £ 000
Revenue	370
Gross loss	(64)
Operating expenses	(831)
Adjusted EBITDA	(895)
Exceptional items	(2,246)
EBITDA	(3,141)
Depreciation and amortisation	(636)
Finance cost	(4,781)
Finance income	120
Loss before tax	(8,439)
Taxation	69
Loss after tax	(8,370)

Revenue

Revenues for the period of £0.4 million includes £0.2 million of subscription and maintenance revenues which is recurring in nature.

Earnings before interest, tax, depreciation and amortisation (EBITDA)

An EBITDA loss in the period of £3.1 million includes £2.2 million exceptional items which primarily relates to listing expenditure. Excluding exceptional items, the Company generated an adjusted EBITDA loss of £0.9m in the period.

Exceptional items

Exceptional items of £2.2 million include £1.0 million of fees paid to advisors in relation to the listing of the Company on the London Stock Exchange which took place on 25 August 2023 plus £1.2 million non-cash share-based payment charges relating to the issuance of warrants. Further details are included in notes 4 and 13.

Depreciation and amortisation

Depreciation and amortisation charges for the period of £0.6 million includes £0.36 million amortisation of capitalised development costs, £0.27 million amortisation of acquired intangible assets and £0.003 million depreciation of right of use assets.

Finance costs

Finance costs of £4.8 million is primarily made up of warrants issued as finance fees (£4.76 million) but does include interest payable on the shareholder loan of £0.02 million. Please see note 5 for further details.

Finance income

Finance income of £0.1 million includes interest receivables for outstanding amounts owed by the shareholder loan which accrues compounding interest at a rate of 15% per annum.

Loss before tax

Loss before tax of £8.4 million includes an adjusted EBITDA loss of £0.9 million less exceptional items of £2.2 million, depreciation and amortisation of £0.6 million, finance costs of £4.8 million less finance income of £0.1 million.

Principal risks and uncertainties

The Company works to minimise its evolving exposure to financial, operational and other risks set out in the Prospectus published on 22 August 2023; however, in pursuit of achieving its strategy there will always be an element of risk that needs to be considered.

Statement of Directors' responsibilities

The Directors confirm that to the best of our knowledge that:

- The condensed interim set of financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the United Kingdom;
- The interim report includes a fair review of information required by DTR 4.2.7R (indication of important events during the period reported and a description of principal risks and uncertainties for the remaining six months of the year); and
- The interim report includes a fair review of the information required by DTR 4.2.8R (disclosure of related party transactions and any change therein).

Ian Halliday-Pegg
Chief Executive Officer
28 March 2024

Unaudited condensed consolidated statement of comprehensive income
for the period to 31 December 2023

		£
Continuing operations		
Revenue		369,853
Cost of sales		(434,190)
Gross (loss)/profit		(64,337)
Operating expenses		(830,988)
Exceptional items	4	(2,246,074)
Earnings before interest, taxation, depreciation and amortisation		(3,141,399)
Depreciation and amortisation		(636,326)
Finance costs	5	(4,780,625)
Finance income		119,701
(Loss) before taxation		(8,438,649)
Income tax		68,982
(Loss) for the period from continuing operations		(8,369,667)
Total profit / (loss) for the period		
Other comprehensive income		(8,984)
Total comprehensive income for the period		(8,378,651)
Basic and diluted earnings per share - pence	6	(29.57)

Unaudited condensed consolidated statement of financial position
as at 31 December 2023

		Unaudited 31 Dec 2023 £
	Note	
Non-current assets		
Intangible assets	7	18,069,206
Property, plant and equipment		1,513
Right of use asset		12,870
Deferred tax asset		1,061,400
Total non-current assets		19,144,989
Current assets		
Trade and other receivables	8	520,365
Cash and cash equivalents		11,952
Total current assets		532,317
Total assets		19,677,306
Current liabilities		
Borrowings	9	6,921
Trade and other payables	10	7,048,133
Lease liabilities		7,551
Total current liabilities		7,062,605
Non-current liabilities		
Borrowings	9	954,703
Deferred tax liability		1,732,159
Lease liabilities		3,844
Other non-current liabilities	11	325,005
Total non-current liabilities		3,015,711
Total liabilities		10,078,316
NET ASSETS		9,598,990
Equity attributable to owners of the parent		
Share capital	12	12,000,000
Share based payment reserve	13	5,999,520
Other reserves		(21,879)
Foreign exchange reserve		(8,984)
Retained earnings		(8,369,667)
TOTAL EQUITY		9,598,990

Unaudited condensed consolidated statement of changes in equity
for the period to 31 December 2023

	Share Capital £	SBP Reserve £	Other Reserve £	Foreign Exchange Reserve £	Retained Earnings £	Total £
At incorporation	50,000	-	-	-	-	50,000
(Loss) for the period	-	-	-	-	(8,369,667)	(8,369,667)
Other comprehensive loss	-	-	-	(8,984)	-	(8,984)
Total comprehensive loss for the period	-	-	-	(8,984)	(8,369,667)	(8,378,651)
Transaction with owners						
Acquisition of RegTech Italy - branch	11,950,000	-	(21,879)	-	-	11,928,121
Share based payments	-	5,999,520	-	-	-	5,999,520
Share issue costs	-	-	-	-	-	-
Total transactions with owners	11,950,000	5,999,520	(21,879)	-	-	17,927,641
Balance at 31 December 2023 - (unaudited)	12,000,000	5,999,520	(21,879)	(8,984)	(8,369,667)	9,598,990

Unaudited condensed consolidated cash flow statement
for the period to 31 December 2023

	Note	Unaudited Period to 31 Dec 2023 £
Cash flow from operating activities		
(Loss) for the financial period		(8,369,667)
<i>Adjustments for:</i>		
Amortisation of intangible assets		633,526
Depreciation		2,800
Share based payments		1,241,280
Finance cost - Warrants issued		4,758,240
Finance cost - Finance leases		143
Finance cost - Other		22,242
Finance income		(119,701)
Income tax		(68,982)
Cash flow from operating activities before changes in working capital		(1,900,119)
(Increase) / decrease in trade and other receivables		(83,310)
Increase / (decrease) in trade and other payables		1,063,701
Cash (used)/generated from operating activities		(919,728)
Net foreign exchange movements		(22,049)
Net cash (used)/generated from operating activities		(941,777)
Cash flow from investing activities		
Purchase of intangible fixed assets	7	(89,190)
Net cash outflow from investing activities		(89,190)
Cash flows from financing activities		
Proceeds from issue of share capital	8	50,000
Other loan repayments		(822)
Shareholder loan - principal amounts received	8	996,566
Repayment of lease liabilities		(2,825)
Net cash inflow from financing activities		1,042,919
Net increase in cash and cash equivalents		11,952
Cash and cash equivalents at beginning of period		-
Cash and cash equivalents at the end of the period		11,952

1. GENERAL INFORMATION

RegTech Open Project plc ("RegTech" or "the Company") is a public company incorporated in the United Kingdom on 10 March 2023 and listed on the London Stock Exchange ("LSE") on 25 August 2023. The registered address of the Company is 9th Floor, 107 Cheapside, London EC2V 6DN.

The principal activity of the Company is the automation, management, and optimisation of regulatory compliance operations utilising the company's Orbit Open Platform, which helps customers navigate an increasingly complex regulatory landscape, maintain a secure and stable operating environment, whilst improving compliance with applicable regulations and standards, reducing the risk of business disruptions.

2. BASIS OF PREPARATION

This unaudited condensed consolidated interim financial information for the period from incorporation on 10 March 2023 and ended 31 December 2023 has been prepared in accordance with IFRS as adopted by the United Kingdom, including IAS 34 'Interim Financial Reporting'.

There are no new standards, interpretations and amendments which are not yet effective in these financial statements expected to have a material effect on the Company's future financial statements.

The financial statements do not contain all of the information that is required to be disclosed in a full set of IFRS financial statements. The financial statements for the period ended 31 December 2023 is unaudited and does not constitute the Company's statutory financial statements for this period.

Given this is the first period being reported on, there is no comparative financial statements.

The interim financial statements have been prepared under the historical cost convention. The financial statements and the notes to the financial statements are presented in pounds sterling, the functional and presentation currency of the Company, except where otherwise indicated.

Asset acquisition

The Company was incorporated on 10 March 2023 with 50,000 £1.00 ordinary shares. Subsequently, the Company and RegTech Open Project S.p.A. ("RegTech Italy") entered into a Contribution Agreement dated 14 August 2023, whereby RegTech Italy contributed its entire business and assets and transferred all its liabilities to the Company for a total consideration of 11,950,000 shares. Following the contribution the Company subdivided its entire issued share capital of 12,000,000 £1.00 ordinary shares into 60,000,000 ordinary shares of £0.20 each.

This is not considered to be a business combination within the scope of IFRS3 as the transaction was not an acquisition of another company, but rather a transfer of assets and liabilities into the Company. This is a key judgement, and given there was no entity acquired by the Company, but rather a transfer of all assets and liabilities, the transaction has been treated as an asset acquisition with no change in the book values of assets and liabilities and no fair value accounting applied.

Share based payments

The Company has made awards of warrants on its unissued share capital to certain parties in return for services provided to the Company as well as finance fees in relation to a loan funding facility provided to the Company and with loan conversions ahead of admission. The valuation of these warrants involved making a number of critical estimates relating to price volatility, future dividend yields, expected life of the options and interest rates. These assumptions have been integrated into the Black Scholes Option Pricing model to derive a value for any share-based payments. These assumptions are described in more detail in note 13.

Going concern

The directors have considered the principal risks and uncertainties facing the business, along with the Group's objectives, policies and processes for managing its exposure to financial risk. In making this assessment the directors have prepared cash flows for the foreseeable future, being a period of at least 12 months from the expected date of approval of the financial statements.

Since completion of the Direct listing a total of £5.0 million funds have been drawn under the English law governed fixed term unsecured working capital loan agreement, cast as a deed, between the Company and RegTech Italy (the "**Shareholder Loan Agreement**") and £1.7 million of funds have been received by the Company (of which £0.7 million has been received post 31 December 2023), the outstanding balance due is accruing 15% compounding interest ("**Late Drawdown Fee**").

The Directors have reviewed the cashflow on a prudent basis and acknowledge that funding from the shareholder loan is required to meet its liabilities over the next 12 months. The Directors continue to work on mitigating the impact relating to delays in receipt of the outstanding principal amount drawn under the Shareholder Loan Agreement and remains confident this will not affect the ultimate growth of the business.

Despite the receipt of £0.7 million of funding from the shareholder loan in 2024, the Directors acknowledge the continued delays experienced in the receipt of expected funds from the shareholder loan and therefore have prudently identified uncertainty in the cashflow model. This uncertainty arises with respect to both the future timing and quantum of funding from the Shareholder Loan Agreement. In this regard, if these future funds are not secured the Directors envisage it is possible that the Company would have a shortfall in cash and require alternative funding during the forecast period. On this basis, the Directors believe there are material uncertainties which may cast significant doubt upon the entity's ability to continue as a going concern.

The Directors do remain confident in the business model, which includes the original funding, and believe the Company could be managed in a way to allow it to meet its ongoing commitments and obligations through mitigating actions including cost saving measures and securing alternative sources of funding the Directors continue to investigate should it be required.

As such the Directors consider it appropriate to prepare these interim financial statements on a going concern basis, taking into account the material uncertainties noted above, and have not included the adjustments that would result if the Company were to be unable to continue as a going concern.

3. SEGMENT REPORTING

The following information is given about the Company's reportable segments:

The Chief Operating Decision Maker is the Chief Executive Officer. The Board reviews the Group's internal reporting in order to assess performance of the Group. Management has determined the operating segment based on the reports reviewed by the Board.

The Board considers that during the period ended 31 December 2023 the Company operated in the single business segment of automation, management, and optimisation of regulatory compliance operations.

4. EXCEPTIONAL ITEMS

	Period to 31 Dec 2023 £
Share based payment charge	1,241,280
Legal fees	500,000
Other professional fees	266,201
Accounting fees	238,593
	2,246,074

The above one-off expenditure relates to cost incurred as part of the listing of the Company on the London Stock Exchange which took place on 25 August 2023.

5. FINANCE COSTS

	Period to 31 Dec 2023 £
Interest on financial liabilities	22,242
Warrants issued as finance fees	4,758,240
Finance charge on lease liabilities	143
	4,780,625

6. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is calculated by dividing the profit or loss for the period by the weighted average number of ordinary shares in issue during the period.

	Period to 31 Dec 2023 (unaudited)
Loss for the period from continuing operations - £	(8,369,667)
Weighted number of ordinary shares in issue	28,308,277
Basic and diluted earnings per share from continuing operations - pence	(29.57)

There is no difference between the diluted earnings per share and the basic earnings per share as there were no securities on issue at 31 December 2023 that would have a dilutive effect on earnings per share.

7. INTANGIBLE ASSETS

	Goodwill £	Development costs £	Total £
Cost			
At incorporation	-	-	-
Additions on acquisition	14,298,981	2,508,699	16,807,680
Goodwill assigned to development costs	(7,170,000)	7,170,000	-
Deferred tax liability adjustment acquired			
identified intangible assets	1,792,500	-	1,792,500
Additions	-	89,190	89,190
Foreign exchange differences	-	13,362	13,362
At 31 December 2023 (unaudited)	8,921,481	9,781,251	18,702,732
Amortisation			
At incorporation	-	-	-
Charge for the period	-	(633,526)	(633,526)
At 31 December 2023 (unaudited)	-	(633,526)	(633,526)
Net book value			
31 December 2023 (unaudited)	8,921,481	9,147,725	18,069,206

Additions on acquisition incorporate the acquired assets and liabilities of RegTech Open Project S.P.A which transferred in on the 14 August 2023. The Company has 12 months from the date of acquisition to finalise the accounting treatment in relation to the acquisition and therefore the amounts and classifications included in the schedule above are incomplete and subject to change.

8. TRADE AND OTHER RECEIVABLES

31 Dec 2023
(unaudited)
£

Trade receivables	139,465
Accrued income	124,223
Prepayments	27,652
Taxes recoverable	179,270
Related parties	48,653
Other receivables	1,102
	520,365

9. BORROWINGS

	31 Dec 2023
	(unaudited)
	£
Current	
Other borrowings	6,921
	6,921
Non-current	
Shareholder loan facility	946,294
Other borrowings	8,409
	954,703

During the period the Company entered into a Shareholder Loan Agreement with RegTech Italy which was conditional upon admission. RegTech Italy would provide working capital facility of up to £8,000,000 drawable at the Company's request comprising:

- Up to £2,000,000 in cash to be drawn by 1 September 2023 - at 10% interest per annum;
- Up to £500,000 in cash to be drawn by 30 September 2023 - at 10% interest per annum;
- During the period 25 August 2023 to 31 March 2024, up to £2,000,000 which may, at the election of the Company, be set-off on a £-for-£ basis against certain payables of the Company (where such payable shall be transferred to RegTech Italy to be settled - at 5% interest per annum; and
- Whereby the Company, in the option of the Board, has not raised sufficient unrestricted cash through exercise of warrants or issue of alternative debt / equity or hybrid financing to enable the Company to meet its working capital requirements, during the period 1 October 2023 to 31 December 2024 the Company can draw up to £3,500,000 (capped at £500,000 per month until fully drawn) - at 10% interest per annum.

The due date for repayment of amounts drawn under the Shareholder Loan Agreement is 31 December 2026, with accrued and unpaid interest outstanding on the principal shall be settled in instalments on 1 January 2025, 30 June 2025, 1 January 2026, 30 June 2026 and 31 December 2026, with any amounts due past 31 December 2026, attracting interest at 15% per annum.

At 31 December 2023 the shareholder loan liability included the following:

	31 Dec 2023
	(unaudited)
	£
Principal amount received	1,046,566
Interest payable on loan amounts received	19,429
Interest receivable on loan amounts not received	(119,701)
	946,294

Other borrowings relate to a legacy bank loan which accrues interest at a rate of 0.90% per annum.

10. TRADE AND OTHER PAYABLES

	31 Dec 2023
	(unaudited)
	£
Trade creditors	3,842,283
Other taxation and social security	406,126
Accruals	691,177
Deferred income	67,158
Related party payable	1,901,578
Other payables	139,811
	7,048,133

11. OTHER NON-CURRENT LIABILITIES

	31 Dec 2023
	(unaudited)
	£
Related party payable	97,975
Post employment benefits	227,030
	325,005

12. SHARE CAPITAL

	Number of shares	Share capital £
Shares of £1.00 issued on incorporation	50,000	50,000
Shares issued to RegTech Italy of £1.00 each ¹	11,950,000	11,950,000
Subdivision of shares on a 5:1 basis	48,000,000	
	60,000,000	12,000,000

¹ The issue of shares with a nominal value of £11,950,000 in exchange for the business assets and liabilities of RegTech Italy in accordance with the accounting principles as set out in note 2.

² During the period, the Company completed a subdivision of shares on a 5:1 basis, whereby the nominal value of the shares became £0.20 per ordinary shares.

13. SHARE BASED PAYMENT RESERVE

	31 Dec 2023 (unaudited) £
Finance facility fee warrants issued ¹	1,861,920
Loan conversion fee warrants issued ²	2,896,320
Advisor warrants issued ³	1,241,280
	5,999,520

¹ On 21 August 2023, 2,250,000 warrants were issued to RegTech Italy as a commitment fee in connection with the Shareholder Loan Facility.

² On 21 August 2023, 3,750,000 warrants were issued to The Avant Garde Group S.p.A ("TAG"), being the parent company of RegTech Italy in relation to the conversion of historic TAG shareholder loans to RegTech Italy / the Company.

³ On 21 August 2023, 1,500,000 warrants were issued to Westcott Hill Capital Limited in relation to pre-Direct Listing business advisory services.

All of the 7,500,000 warrants issued on 21 August 2023 have a term of 3 years and an exercise price of £0.20.

Share based payments valuation

The following table summarise the valuation techniques and inputs used to calculate the values of share based payments in the period:

Warrants

Grant date	Number	Share price £	Exercise price £	Volatility %	RF Rate %	Technique
21 Aug 2023	7,500,000	1.00	0.20	36.00	4.90	Black Scholes

14. ACQUISITION OF REGTECH ITALY BRANCH

During the period, the Company entered into a Contribution Agreement with RegTech Open Project S.p.A. ("RegTech Italy"), whereby RegTech Italy contributed its entire business and assets and transferred all of its liabilities to the Company for a total consideration of 11,950,000 shares. The fair value of the assets and liabilities transferred were as follows:

	£
Intangible assets	2,508,699
Property, plant and equipment	1,887
Right of use assets	15,593
Deferred tax asset	1,057,877
Trade and other receivables	1,151,323
Other reserves	18,134
Cash and cash equivalents	-
Borrowings	(16,152)
Lease liability	(14,077)
Post employee benefit liability	(222,464)
Trade and other payables	(6,841,202)
Deferred tax liability	(8,599)
Total identifiable net assets acquired	(2,348,981)
Goodwill	14,298,981
Consideration	
Shares issued	11,950,000

15. RELATED PARTY TRANSACTIONS

Alessandro Zamboni, who is a Non-Executive Director of the Company is also a Director and sole- shareholder of The Avantgarde Group S.p.A. ("TAG") which owns 100% stake in RegTech Open Project S.p.A. with the latter being the principal shareholder of the Company. Consequently, both entities are regarded as related parties by virtue of Alessandro Zamboni's ability to exert significant influence over Avantgarde Group S.p.A and RegTech Opening Project S.p.A.

The following balances are outstanding at 31 December 2023:

	Avantgarde Group S.p.A.	RechTech Open Project S.p.A.	Total
Trade and other receivables	48,653		48,653
Borrowings - (note 9)	(946,294)		(946,294)
Trade and other payables		(1,901,578)	(1,901,578)
Other non-current liabilities	(97,975)		(97,975)
	(995,616)	(1,901,578)	(2,897,194)

In addition to the amounts detailed above the following warrants were issued during the period to related parties.

On 21 August 2023, 2,250,000 warrants were issued to RegTech Italy as a commitment fee in connection with the Shareholder Loan Facility.

On 21 August 2023, 3,750,000 warrants were issued to The Avant Garde Group S.p.A ("TAG"), being the parent company of RegTech Italy in relation to the conversion of historic TAG shareholder loans to RegTech Italy / the Company.

On 21 August 2023, 1,500,000 warrants were issued to Westcott Hill Capital Limited (a company controlled by Albert Ganyushin) in relation to pre-Direct Listing business advisory services.

16. EVENTS SUBSEQUENT TO PERIOD END

£0.7 million of additional funding has been received under the Shareholder Loan Agreement between 1 January 2024 to 28 March 2024.

17. CAUTIONERY STATEMENT

These unaudited interim results for the period ending 31 December 2023 ("Interim Results") have been prepared in accordance with the requirements of the Companies Act 2006 (as amended) and the liabilities of the Directors in connection with these Interim Results shall be subject to the limitations and restrictions provided by such law.

These Interim Results are prepared for and addressed only to the Shareholders as a whole and to no other person. The Company, its Directors, employees, agents, or advisers do not accept or assume responsibility to any other person to whom these Interim Results are shown or into whose hands it may come, and any such responsibility or liability is expressly disclaimed.

These Interim Results contain forward looking statements, which are unavoidably subject to risk and uncertainty because they relate to events and depend upon circumstances that will occur in the future. It is believed that the expectations set out in these forward-looking statements are reasonable, but they may be affected by a wide range of variables which could cause future outcomes to differ from those foreseen. All statements in these Interim Results are based upon information known to the Company at the date of this report. Except as required by law, the Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact rns@lseg.com or visit www.rns.com.

RNS may use your IP address to confirm compliance with the terms and conditions, to analyse how you engage with the information contained in this communication, and to share such analysis on an anonymised basis with others as part of our commercial services. For further information about how RNS and the London Stock Exchange use the personal data you provide us, please see our [Privacy Policy](#).

END

IR FLFVDVSITFIS

London Stock Exchange plc is not responsible for and does not check content on this Website. Website users are responsible for checking content. Any news item (including any prospectus) which is addressed solely to the persons and countries specified therein should not be relied upon other than by such persons and/or outside the specified countries. [Terms and conditions](#), including restrictions on use and distribution apply.

© 2024 London Stock Exchange plc. All rights reserved.