

Mindflair plc
(formerly Pires Investments plc)

(Incorporated in England and Wales with registered number **02929801**)

Annual Report and
Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

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Company Information

Directors	Nicholas Lee (Director) David Palumbo (Director)
Secretary	Robert Porter
Registered office	9th Floor, 107 Cheapside London EC2V 6DN
Independent Auditors	PKF Littlejohn LLP Statutory Auditor 15 Westferry Circus London E14 4HD
Nominated adviser	Cairn Financial Advisers LLP 9th Floor, 107 Cheapside London EC2V 6DN
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Registrars	Computershare Investor Services plc PO Box 82 The Pavilions Bridgwater Road Bristol BS99 7NH
Company Registration number	02929801

Review of Activities

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Financial highlights

- Net asset value (“NAV”) of £5,844,000 as at the year-end (31 December 2022: £7,822,000). Reduction principally driven by the liquidation of Emergent Entertainment Limited (although the original cash investment in this company was circa US\$200,000.)
- NAV per share of 2.13 pence per share (2022: 4.28 pence) compared to a year end share price of 0.9 pence and a current price of 0.48 pence
- Two-year debt funding facility amounting to £1.235 million in place
- Placing to raise £730,400 before expenses in December 2023

Portfolio highlights

- Continued progress is being made within the Company’s investment portfolio
- A number of funding rounds have taken place for companies such as CameraMatics, Landvault, Engage XR, Virtex and VividQ
- CameraMatics is continuing to grow with a number of new customers
- Getvisibility, one of the Company’s larger investments, continues to increase its customer numbers and revenue, with over 250 customers in 39 countries
- New investment made in Captur in October 2023, a company that has built an enterprise AI platform for real-time, rules-based image recognition
- Virtex closed its first major commercial deal in December 2023 worth \$3.5 million and has raised new funds at a higher valuation than the cost of the original investment
- Smarttech247 continuing to make good progress as a listed company
- Investment in a third SVV fund (“SVV3”), alongside Enterprise Ireland (“EI”), an investment arm of the Irish Government.
- SVV1 actively focused on the realisation phase of its investment cycle
- Successful change of name and rebranding to Mindflair plc to better reflect the Company’s emphasis on exciting AI focused investments

Review of activities

The year to 31 December 2023 has continued to be a difficult time for small-cap listed companies and for those companies with a technology focus. However, notwithstanding this market backdrop, the majority of the Company’s investments have continued to make good progress during the period with the key developments being summarised in the following section.

Mindflair is an investment company focused on next generation technology with a focus on the application of AI to transform large traditional industries. Mindflair invests in its portfolio companies directly, or indirectly, as set out below, through: (i) its investments in three funds managed by Sure Valley Ventures (“SVV”) and (ii) its investment in Sure Ventures plc.

	Investments	SVV1	SVV2	SVV3	Sure Ventures plc
Direct	Getvisibility, Low6 and Precog	13%	5.9%	16%	21.3%
Indirect		5.9% via Sure Ventures plc	1.3% via Sure Ventures plc		Holds stakes of 25.9% in SVV1, 5.9% in SVV2 and a stake in VividQ
Cornerstone investor		Enterprise Ireland	British Business Bank	Enterprise Ireland	
Net interest		18.9%	7.2%	16%	21.3%

Review of Activities (continued)

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The Company's principal investment portfolio categories are summarised below:

Categories	Cost or valuation at 31 December 2023 £000's	Cost or valuation at 31 December 2022 £000's
SVV investments	4,932	5,219
Direct investments	1,563	2,901
Cash/other listed securities	206	856
Total	6,701	8,976

The cash balance above as at 31 December 2023 does not include the proceeds from the placing that took place in December 2023. The principal cause of the reduction in the portfolio valuation during the year related to the insolvency of Emergent Entertainment Limited (although the original net cash investment in this company was circa US\$200,000).

On 23 February 2023, the Company announced that it had agreed to invest in SVV's new venture capital fund, SVV3, alongside Enterprise Ireland, the fund's cornerstone investor that committed 50% or €15 million to the fund.

A. The SVV investments

1. Sure Valley Ventures Fund 1 ("SVV1")

SVV1 is SVV's first fund which has completed its new investment phase and has now entered its realisation phase. It has already achieved three realisations/liquidity events to date, with more expected in the short term.

Within the SVV1 portfolio, highlights during 2023 include:

- GetVisibility is a cybersecurity company focusing on data visibility and control and uses state-of-the-art artificial intelligence ("AI") to classify and secure unstructured information. The company has continued to grow its sales pipeline, with a number of new channel partners being onboarded, leading to an increase in its number of enterprise customers to over 250 in 39 countries.
Mindflair also has a direct interest in GetVisibility and, an additional indirect interest through SV plc. The total valuation of the Company's interest in GetVisibility, held both direct and indirectly, amounts to circa £2.43 million (€2.8 million) based on the company's last funding round. A number of conversations have already taken place with regard to the possible sale of this company at a higher valuation.
- CameraMatics offers a cloud based, SaaS solution to fleet managers, enabling companies to deal with the increasing demands around driver shortages, driver retention, rising fuel costs, insurance costs, emission output and driver safety protocols. Its in-house developed smart technologies, smart vision systems, AI safety technologies, fleet safety/risk management tools and data software solutions have been achieving good results for customers. In Q1 2023, the company raised €3 million from existing investors at an increasing valuation to assist with funding growth. CameraMatics has continued to grow both annual recurring revenue and customers, with expansion into new geographies, such as the US and new clients being won including Maritime Transport, one of the UK's largest privately owned transport companies, Van Elle and Hendrick European. The company will also be receiving around €12 million in funding from the Disruptive Technology and Innovation Fund to develop next generation neural processing units to improve driver safety.
- LandVault, a large metaverse builder, successfully raised an additional US\$3 million after extending its Series B funding round in April 2023. This strategic funding was raised from Web3 focused investors including, The Sandbox, The Gemini Frontier Fund, HodlCo and hedge fund Kingsway Capital. The proceeds of the fundraise will assist its global expansion, further investment in innovative technologies and development of an open protocol, Matera, to make the metaverse experience more accessible. The company has signed a number of new deals with an increased focus on the Middle East.
- Virtex has developed an app called Virtex Stadium which is an application that enables esports organisers to host their existing formats on a 3D entertainment platform, offering millions of viewers a completely new viewing experience. Virtex has recently completed a £1.8 million fundraise at a higher valuation than the cost of the original investment and closed its first major commercial deal in December 2023 worth \$3.5 million with the operator of an esports venue to provide technology and solutions for viewing esports live in 3D.

Review of Activities (continued)

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- Everyangle, whose computer vision solutions help retailers improve efficiencies, optimise operations and reduce losses, recorded over 200% growth in 2023 alone. They have recently expanded their product suite with advanced demographic analytics, enhancing their market-leading footfall solution. Recent product enhancements around customer identification and speed of service have been designed to reveal genuine convertible traffic, optimise retail service efficiency and elevate customer satisfaction. A number of new contracts have been signed and new functionality has been added.
- Smarttech247 Group plc (“Smarttech247”) (AIM: S247) is an established global artificial intelligence-based cybersecurity business, specialising in automated managed detection and response. Recent full year and interim results of Smarttech247 demonstrate that the company is continuing to grow revenue and EBITDA and win new contracts. The company was also recognised again as one of the fastest growing tech companies in 2023 by Deloitte. Further updates include the announcement of a new AI Assistant, a pioneering AI capability for cybersecurity operations, and the extension of its robust cybersecurity framework to wider markets.
- Wia, a leading player in smart technology solutions, announced in 2023 the closure of a landmark 5-year contract with one of the world's most prominent logistics companies. The agreement, valued at over \$2 million, involves a rollout of energy monitoring across 5 million square metres of property in 14 countries, underscores the industry's shift towards sustainability and the pressing need for efficient resource management.
- ENGAGE XR Holdings plc (AIM: EXR) is metaverse technology company focused on becoming a leading global provider of virtual communications solutions through its new fully featured corporate metaverse, ENGAGE Link. The company also has a proprietary software platform, ENGAGE. ENGAGE provides users with a platform for creating, sharing, and delivering VR content for education, training, and online events through its three solutions: Virtual Campus, Virtual Office, and Virtual Events.

In February 2023, the company raised €10.5 million by way of a placing which included a subscription by HTC for £0.58 million. In June 2023, Lenovo's new VR headset was released. Lenovo is a channel partner for ENGAGE XR and so this is expected to provide a new route to market for the company. In September 2023, the company published its 2023 interim results which showed continued revenue growth of 18% over the same period in 2022. More recently the company has signed its largest contract to date with a large Middle East based company. It has also just announced its results for 2023 with revenue of €3.7 million and an improving EBITDA result with net cash at the period end of €7.9 million.

- VividQ has been making good progress and is now able to share images of real holograms projected through high-performance 4K display hardware. The ability to deliver 'retina resolution' computer-generated holograms means that next-generation VR headsets will be able to offer unparalleled levels of immersion and realism to users. In Q4 2023, the company raised £3.2m. The funds were raised at a price which was less than the previous round but it provides the company with sufficient cash to fund development for the next two years.

Review of Activities (continued)

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As at the year end, SVV1 had a portfolio of 14 investee companies at different stages of development spanning a range of sectors. The portfolio provides Mindflair with exposure to a number of key, cutting edge and rapidly growing technology sectors. Further details of the portfolio companies and recent developments are set out below:

Artificial intelligence	
Ambisense (Ambisense Limited)	Provides an Artificial Intelligence platform to deliver environmental risk assessment to allow real time gas and environmental monitoring using both IoT and sensor solutions. However, recently the company has been unable to raise new funds and therefore went into liquidation in June 2024.
Security	
Nova Leah (Nova Leah Limited)	An Artificial Intelligence cybersecurity risk assessment and protection platform for connected medical devices.
Getvisibility (Visibility Blockchain Limited)	An Artificial Intelligence security company addressing the substantial problem faced by corporations in storing, sorting, accessing and protecting data.
PreCog (Polience Limited)	An Artificial Intelligence security solution platform company that provides data intelligence to combat crime, terrorism and protect vulnerable people. Customers include leading law enforcement and security agencies, and transport infrastructure groups.
Smarttech247 (Smarttech247 Group plc)	Is an established global Artificial Intelligence-based cybersecurity business, specialising in automated managed detection and response. The company is listed on AIM.
Immersive Technologies	
Engage XR (Engage XR Holdings plc)	A developer of virtual reality and immersive experiences with a specific focus on education and enterprise learning and development. The company is listed on AIM.
Landvault (WAM Group Limited)	A monetisation platform and gateway for brands to enter the metaverse. The company is rapidly growing revenues and numbers of active users.
Warducks (Warducks Limited)	An AR/VR game development studio known for the production of leading games. However, more recently this company has struggled to raise new funding and therefore filed for liquidation in early 2024.
VividQ (VividQ. Limited)	A deep tech software company which has developed a framework for realtime 3D holographic displays for use in headsup displays and AR headsets and glasses.
Volograms (Volograms Limited)	An Artificial Intelligence deep learning company that uses AI to create 3D Augmented Reality (Volograms Limited) from 2D photos and videos. The company has launched a consumer AR Camera app called Volu and has browser and enterprise versions in development.
Virtex (Virtex Limited)	A company building a platform for the next generation of live, immersive entertainment within the virtual reality ("VR") gaming and esports industries. It is actively developing its new Stadium app.

Review of Activities (continued)

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Internet of things	
CameraMatics (MySafe Drive Limited)	An Artificial Intelligence platform enabling transport fleet managers to reduce risk, increase driver safety and comply with growing industry governance and compliance. The company is growing revenues considerably and building its presence in the very significant US market where it has already won a number of new contracts.
Wia (Wia Technologies Limited)	Provides a platform solution for smart buildings. Its platform provides full device and (WIA Technologies Limited) application management, security, data capture and storage, analysis and control.
Everyangle (Everyangle Limited)	An Artificial Intelligence platform that uses machine learning to provide enterprises, such as large retailers, with line of business solutions to reduce fraud, churn and waste using machine vision.

SVV1 has completed its investing in new companies and is now in its realisation phase which should lead to further returns to the Company and its shareholders.

2. Sure Valley Ventures UK Software Technology Fund (“SVV2”)

In March 2022, the Company invested in a second SVV fund, the Sure Valley Ventures UK Software Technology Fund (the “SVV2”). The principal investor in the SVV2 is the British Business Bank (“BBB”), an investment arm of the UK Government. The first close of this fund amounted to £85 million, with the BBB investing up to £50 million and other investors (“Private Investors”), including Mindflair, investing up to £35 million over the 10 year life of the fund.

Mindflair expects to invest up to £5 million in total over the life of the fund which would provide it with a circa 5.9% interest. SVV2 invests in a range of private UK software companies with a focus on companies in the Artificial Intelligence sector and within the subsectors of AI in the enterprise, AI in Immersive Technologies (such as AR/VR) and AI in Cybersecurity sectors.

SVV2 is managed by the same SVV team which, to date, has been highly successful in achieving a number of cash realisations from, and upward revaluations of, the majority of the companies in the SVV portfolio. The profit share arrangements within this new fund are designed to encourage the involvement of the Private Investors alongside the BBB, meaning that Mindflair and the other Private Investors would expect to receive a significantly enhanced share of the total return generated by the fund compared to industry standard.

As at the period end, SVV2 had made three investments which are described below:

RETiniZE (RETiniZE Limited)	RETiniZE is an award-winning creative-tech company based in Belfast, Northern Ireland. The company is developing an innovative software product called Animotive that is harnessing the latest VR and Generative AI technologies to transform the 3D animation production process.
Jaid (Opsmatix Systems Limited)	Jaid is a rapidly growing platform that uses AI as a Service (AlaaS) solution to help businesses reduce costs, improve efficiency and make data-driven decisions, including client service automation, sales automation, payment exception processing and claims administration processing.

Review of Activities (continued)

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<p>Captur (Captur Limited)</p>	<p>Captur is a company that has built an enterprise AI platform for real-time, rules-based image recognition. Existing investors, MMC Ventures and Ascension Ventures participated in this round, along with other investors including ex-Deliveroo, and enterprise AI investors Concept Ventures and Two Culture Capital, backers of ElevenLabs and Electric AI.</p> <p>The company's technology uses Edge AI, the implementation of artificial intelligence in an edge computing environment, which allows calculations to be completed nearby to where data is created, rather than an offsite data centre or a centralised cloud computing facility. This localised processing allows Captur's technology to make decisions using visual AI in under 3 seconds.</p> <p>Captur's visual AI solution is fast to implement and offers product owners easy-to-embed APIs and SDKs that act as a smart camera within their mobile apps. Captur is currently being used in the delivery sector for drivers to map doorways and verify the correct address, reducing delivery to incorrect addresses and fraud by up to 40%. Captur has recently made significant progress on new business and product features. They have launched their real-time camera SDK into production, which is now being used by tens of thousands of users per month. They have continued to grow their market lead in mobility with plans to launch with new clients in the US and AUS markets in H1'24. They are also expanding into delivery and logistics and are in late-stage negotiations with a Fortune 100 retailer in the US.</p>
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The funding requirement for this fund is expected to be met from existing cash resources and/or realisations from SVV1. In June 2024, a fourth investment was made in this fund in Ittybit, a pioneering developer tools company.

2. Sure Valley Ventures III Limited Partnership ("SVV3")

On 23 February 2023, Mindflair announced that it had agreed to invest in SVV's new venture capital fund, SVV3, alongside Enterprise Ireland, the fund's cornerstone investor who has committed 50% or €15 million to the fund. SVV3 plans to invest in circa 15 high-growth AI software companies in sectors such as Enterprise, Immersive Technologies and Cybersecurity across the Republic of Ireland.

Whilst new investments for this fund are being reviewed, the funding requirement is expected to be relatively limited in the short-term and will be met from existing cash resources and/or realisations from SVV1. In June 2024, this fund made its first investment in Inspeq AI, a transformative full-stack AI Ops platform, alongside Delta Partners and a number of other leading investors.

3. Sure Ventures plc ("SV plc")

SV plc (LSE: SURE) is a London-listed venture capital fund which invests in early-stage software companies in the rapidly growing technology areas of Augmented Reality, Virtual Reality, Internet of Things and Artificial Intelligence. Mindflair has a 21.3% shareholding in SV plc whose principal investments are a 25.9% interest in SVV1, a 5.9% commitment to SVV2 and an investment in VividQ. Consequently, as a result of its shareholding in SV plc, Mindflair has an aggregate (direct and indirect) interest in SVV1 of around 19%, which comprises its original direct 13% interest in SVV1 and an indirect interest of 5.9%. It also has an aggregate interest of 7.2% in SVV2. This investment is carried at its market value and as at 31 December 2023, SV plc's NAV per share was £1.07 (€1.24) compared to a current share price of £0.725.

Review of Activities (continued)

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B. Direct investments

Getvisibility	Details of this investment are covered in the section above.
Low6 (Low6 Limited)	Low6 is focused on the revenue generative free-to-play and affiliate markets in North America with the ambition to be the global leader in fan engagement. A number of new partnerships have been established, including the appointment as the National Hockey League (“NHL”) free to play provider for a period of 3 years, who have also invested in Low6. In July 2023, the company announced that it had become EBITDA positive and in February 2024 it said that it expected current year revenue to be around £4.5 million and that it had traded profitable for the last 7 months.
Precog (Polience Limited)	PreCog is a software solution that understands visitor flow, protects borders, detects persons of interest, and ensures locations are protected from those who wish to cause damage or commit crime. PreCog provides totally unique, scalable, actionable intelligence solution. Customers include top UK and international government security and law enforcement agencies and transport infrastructure organisations. The company is involved in a number of customer deployments. The signature of one or two new contracts is expected to result in an uplift in valuation.
Emergent Entertainment Limited	Emergent is focused on becoming a next-generation entertainment company, bringing audiences and storytellers together by harnessing emerging technologies. Whilst in the earlier part of 2023, the management team had been working on reducing the company’s cost base and had revised its 2023 revenue forecasts upwards, as the year progressed trading deteriorated. Then in December 2023, the Company announced that Emergent was engaging with insolvency advisers and expected to be shortly placed into liquidation which then took place on 10 January 2024 with a resolution to voluntarily wind up the company. This investment has therefore been provided for in full.

Other

On 31 March 2024, John May, a non-executive director, retired from the board after a number of years with the Company in order to devote more time to his other roles.

Financial

For the year under review, the Company reported a loss before taxation of £2.67 million (for the year ended 31 December 2022: loss of £0.37 million). The result for the Company includes unrealised gains/losses in the portfolio of quoted equity investments which are marked to market, plus any return from and adjustment to the carrying value of its unlisted investments. The principal cause of the loss for the year related to the insolvency of Emergent Entertainment Limited (although the original cash investment in this company was circa US\$200,000).

Net asset value as at the end of the year amounted to £5,844,000 (31 December 2022: £7,822,000). We continue to believe that absolute NAV does not fairly represent the Company’s financial potential, given the scope for significant valuation uplift of the companies within the portfolio. This is clearly demonstrated by the gains, both realised and unrealised, that have been achieved to date from the investment portfolio. Furthermore, it is worth reiterating that realisations that are achieved within the SVV portfolio result in cash distributions to the Company and are not retained within the fund.

On 22 December 2022, the Company entered into a two-year £1.235 million unsecured loan facility accruing interest at 7.5% per annum with a bullet repayment of principal and interest at the end of the term. Warrants over 47,839,284 new ordinary shares were issued to the investors which will vest if the average of the Company’s volume weighted average price over five consecutive trading days exceeds 5.163 pence within the three-year exercise period of the warrants. The warrant exercise price is 4 pence, which represented a 60% premium to the closing mid-market price of 2.5 pence per the Company’s ordinary share on 21 December 2022. These are currently the only unexercised warrants that are in issue.

On 21 December 2023, the Company placed 91,300,000 shares at a price of 0.8 pence per share, raising gross proceeds of £730,400. The shares were placed at a 30 per cent. discount to the closing mid-price of the ordinary shares on 20 December 2023.

Review of Activities (continued)

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Post year end

In January 2024, Warducks was unable to raise new funding and therefore filed for liquidation. In June 2024, a new investment was made in Inspeq AI, a transformative full-stack AI Ops platform, alongside Delta Partners and a number of other leading investors. This was the first investment by SVV3. Also in June 2024, the fourth investment by SVV2 was made in Ittybit, a pioneering developer tools company. In addition, in June 2024, Ambisense went into liquidation as it was unable to raise new funds.

Outlook

Our investment strategy is focused on AI based next generation technology businesses. Whilst 2023 has been a difficult year, we believe that significant progress has been made by the majority of our investments and that the outlook for the respective sectors in which they operate remains encouraging.

We expect that in the coming months we will see some additional realisations or liquidity events from the investment portfolio. Furthermore, it is important to note that, as previously mentioned, the first SVV fund has now completed its deployment phase and so is in its realisation phase which is expected to generate further cash inflows for the Company.

In summary, we believe that our portfolio provides excellent exposure to companies at the forefront of the AI revolution with the potential for significant growth and the ability to deliver real returns for shareholders.

Nicholas Lee
Director
26 June 2024

Strategic Report

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Business review and future developments

The Company changed its name to Mindflair plc in December 2023.

The Company is an investment company listed on AIM focused on investment in next generation technology with an emphasis on AI.

Investment portfolio

During the year ended 31 December 2023, the Company made a number of follow-on investments both in SVV1 and SVV2. Additionally a new investment was made in SVV3. Further details regarding these investments and the year's activities are set out in the Review of Activities statement on page 2.

As at 31 December 2023, the Company's investment portfolio comprised:

Investment portfolio	Value (£000's)
Investments in SVV	4,932
Direct investments	1,563
Cash and other listed securities	206
Total	6,701

The portfolio valuations are based on the market valuation where the investments are listed or at cost or fund valuation where they are unlisted. The cash balance above as at 31 December 2023 does not include the proceeds from the placing that took place in December 2023.

Going concern

During the year under review, the Company made a loss of £2.665 million (year ended 31 December 2022: loss of £0.37 million).

At the time of approving the financial statements, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The going concern basis of accounting has therefore been adopted in preparing the financial statements.

In reaching this conclusion, the Directors have considered the financial position of the Company, together with its forecasts and projections for the 12-month year from the signing of these financial statements, taking into account reasonably possible changes in trading performance and the environment for investment. Furthermore, the Company has several sources available to provide funding over the coming years. These would include, inter alia, realisations from the SVV funds and upcoming liquidity events for a number of its other investments, as well as access to debt and equity capital markets.

Investing policy

The Company's revised investing policy was approved by shareholders on 3 October 2019 and has been implemented in accordance with the requirements of Rule 15 of the AIM Rules (as in force at that time) on that date. A copy of the investing policy is available on the website (www.mindflair.tech).

Financial risk management objectives and policies

Details of the Company's financial instruments and financial risk management policies can be found in notes 10 and 11 to the financial statements.

Key performance indicators

As an investment company at this stage of its development, the key performance indicators principally comprise growth in net asset value and share price appreciation. It is also important to have sufficient cash or liquid assets in order to be able to take advantage of investment opportunities as they arise.

Strategic Report (continued)

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The key performance indicators are set out below:

	31 December 2023 £	31 December 2022 £	Change %
Share price	0.0090	0.0245	(63)%
Net asset value	5,844,000	7,822,000	(25)%
Net asset value per share	0.0213	0.0428	(50)%
Cash and cash equivalents	206,000	856,000	(76)%

The Company's net asset value whilst being used as a performance indicator is not a true measure of the Company's underlying value due to the conservative nature of the Company's basis of valuation of its investment portfolio and the lagging nature of this indicator. This can clearly be demonstrated by the regular revaluations of the companies within the Company's investment portfolio from the previous carrying values as a result of subsequent rounds of investment by third party investors into those companies.

In terms of availability of cash, the Company has several sources available to fund its operations and investments over the coming years. These would include, inter alia, realisations from the SVV1 fund, the exercise of outstanding warrants and upcoming liquidity events for a number of its other investments, as well as access to debt and equity capital markets.

Principal business risks and uncertainties

Dependence on key executives and personnel

The Company's future development and prospects are substantially dependent on the continuing services and performance of the Directors. The Directors cannot give assurances that they will remain with the Company, although the Directors believe that the Company's culture and remuneration packages are attractive. If key members of the Company's management team depart, or are affected by illness and the Company is not able to find effective replacements in a timely manner or at all, its business may be disrupted or damaged.

Identifying suitable targets

The Company is dependent upon the ability of the Directors to identify suitable investment opportunities in accordance with its Investing Policy. There is no guarantee that the Company will be able to source further opportunities, or complete investments, at an appropriate price, or at all, as a consequence of which resources may be expended on investigative work and due diligence without achieving a return.

Market conditions

Market conditions may have a negative impact on the Company's ability to make investments in suitable entities which generate acceptable returns. There is no guarantee that the Company will be successful in sourcing suitable investments.

Costs associated with potential investments

The Company may incur certain third-party costs associated with the sourcing of suitable investments. The Company can give no assurance as to the level of such costs, and given that there can be no guarantee that negotiations to acquire any given investment will be successful, the greater the number of deals that do not reach completion, the greater the likely impact of such costs on the Company's performance, financial condition and business prospects.

Valuation error

The Company may misrepresent the fair value of an investment in a project. A lack of reliable information, errors in assumptions or forecasts and/or inability to successfully implement an investment, among other factors, could all result in the project having a lower fair value than anticipated. If the Company is not able to realise an investment at its anticipated levels of profitability, projected investment returns could be adversely affected.

Strategic Report (continued)

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Funding

If the Company identifies and wishes to pursue an investment opportunity, it may need to raise further funds for further working or development capital. There is no guarantee that the then prevailing market conditions will allow for such a fundraising or that new investors will be prepared to invest on a basis which is acceptable to shareholders.

Assessment of Business Risk

The Board regularly reviews operating and strategic risks and considers in such reviews financial and non-financial information including:

- a review of the business at each Board meeting, focusing on any new decisions/risks arising;
- the performance of investments; and
- selection criteria of new investments; and
- reports prepared by third parties.

Section s172 Statement – Promotion of the Company for the benefit of members as a whole:

The Directors believe they have acted in the way most likely to promote the success of the Company for the benefit of its members as a whole, as required by s172 of the Companies Act 2006.

The requirements of s172 are for the Directors to:

- Consider the likely consequences of any decision in the long term;
- Act fairly between members of the Company;
- Maintain a reputation for high standards of business conduct;
- Consider the interest of the Company's employees;
- Foster the Company's relationships with suppliers, customers and others; and

The application of s172 requirements are described in the Corporate Governance Report on page 17 and can also be demonstrated in relation to some of the following:

- The Directors are committed to developing and applying high standards of corporate governance. The Board of Directors has applied the QCA Code, revised in April 2018 as devised by the Quoted Companies Alliance;
- Raising of additional funds during the year, as required, for the Company for investment purposes; and
- The making of investments, as described in the Review of Activities, that have generated returns for the Company and its shareholders.

Nicholas Lee

Director

26 June 2024

Directors' Report

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The Directors present their annual report to the audited Company financial statements of Mindflair plc for the year ended 31 December 2023.

The Company's Ordinary Shares are traded on the AIM market of the London Stock Exchange under the ticker MFAI.

Results and dividends

The Company made a loss from continuing activities for the year of £2,665,000 (2022 loss for the year: £366,000). The Directors are not recommending the payment of a dividend (2022: nil).

Principal activities and review of business

The principal activity of the Company throughout the year under review and since has been as an investment company involved in the seeking, investigation, making of and sale of investments.

The review of the business is contained within the Review of activities on page 2.

Events after the Reporting Year

In January 2024, Warducks was unable to raise new funding and therefore filed for liquidation. In June 2024, a new investment was made in Inspeq AI, a transformative full-stack AI Ops platform, alongside Delta Partners and a number of other leading investors. This was the first investment by SVV3. Also in June 2024, the fourth investment by SVV2 was made in Ittybit, a pioneering developer tools company. In addition, in June 2024, Ambisense went into liquidation as it was unable to raise new funds.

Directors

The following Directors have held office since 1 January 2023:

John May (retired 31 March 2024)

Nicholas Lee

David Palumbo

Charitable and political donations

No charitable or political donations were made during the year (2022:nil).

Substantial shareholders

As at 21 June 2024, this shareholder information is based on the Mindflair plc share register and disclosures made by shareholders:

	Ordinary shares of 0.25p each Number	% of the issued ordinary share capital
RiverFort Global Opportunities plc	38,228,393	13.9%
Christopher Akers	21,860,000	8.0%

Nicholas Lee, a director of the company, is also the Investment Director of RiverFort Global Opportunities plc.

Directors' Report (continued)

Annual Report and Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2023

The Directors beneficial interests in the share capital of the Company as at 31 December 2023 and 31 December 2022 were as follows:

	Ordinary shares of 0.25p each Number	% of the issued ordinary share capital
Nicholas Lee	350,000	0.13%
John May	200,000	0.07%
David Palumbo	200,000	0.07%

Auditor

PKF Littlejohn LLP has expressed its willingness to continue in office as auditor and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

By order of the Board

Nicholas Lee
Director
26 June 2024

Report on Remuneration

Annual Report and Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2023

Policy on Directors' remuneration

The policy of the Board is to provide remuneration packages designed to attract, motivate, and retain Directors of the calibre necessary to maintain the Company's position. The remuneration will reflect the Directors' responsibilities and time commitment.

Remuneration of the Directors

	Salary 2023 £	Fees 2023 £	Total 2023 £	Total 2022 £
John May	33,833	-	33,833	36,000
Nicholas Lee	49,500	-	49,500	54,000
David Palumbo	11,833	22,000	33,833	36,000
	95,166	22,000	117,166	126,000

As at 31 December 2023, £nil Directors fees (2022: £nil) have been deferred for payment. All remuneration is considered to relate to short term benefits.

Directors' interests

The Directors' had the following beneficial interests in the share capital of the Company as at 31 December 2022 and 2023:

	Ordinary shares of 0.25p each Number	% of the issued ordinary share capital
Nicholas Lee	350,000	0.13%
John May	200,000	0.07%
David Palumbo	200,000	0.07%

David Palumbo
Director
26 June 2024

Statements of Directors' Responsibilities

Annual Report and Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2023

Statement of Directors' responsibilities

The Directors are responsible for preparing the financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year.

Company Law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with UK adopted International Accounting Standards ("UK IAS"). Under Company Law the Directors must not approve the financial statements unless they give a true and fair view of the state of affairs and profit or loss of the Company for that year.

In preparing those financial statements, International Accounting Standard 1 requires the Directors to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- make judgements and accounting estimates that are reasonable and prudent;
- provide additional disclosures when compliance with the specific requirements in UK IAS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

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 Act 2006. 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.

Disclosure of information

In the case of each of the persons who are acting as Directors of the Company at the date when this report was approved:-

- so far as each of the Directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of the which the Company's auditor is not aware; and
- each of the Directors has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information (as defined) and to establish that the Company's auditor is aware of that information.

The Directors are also responsible for the maintenance and integrity of the investor information contained on the website. Legislation in the UK concerning the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Publication of Accounts on the Company Website

Financial statements are published on the Company's website: www.mindflair.tech. The maintenance and integrity of the website is the responsibility of the Directors. The Directors responsibility also extends to the financial statements contained therein.

By order of the Board

Nicholas Lee

Director

26 June 2024

Corporate Governance Report

Annual Report and Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2023

The Company's shares are traded on AIM and on 28 August 2018, the Company formally adopted the QCA Corporate Governance Code and this is reproduced below. The Board is accountable to the Company's shareholders for good corporate governance. This report and the Remuneration Report describe how the Company applies the provisions of good corporate governance.

Directors

The Board currently consists of two Directors whilst it is seeking investment opportunities. It is responsible for approving Company policy and strategy and for implementing it with support from consultants. The Directors will review the composition of the Board on a regular basis and are seeking to appoint another independent non-executive director to replace John May following his retirement. All Directors have access to advice from the Company Secretary and independent professional advice at the Company's expense.

Relations with shareholders

The Company values the views of its shareholders and recognises their interest in the Company's strategy and performance. The Annual General Meeting is used to communicate with investors and they are encouraged to participate and the Directors are available to answer questions. Separate resolutions are proposed on each issue so that they can be given proper consideration.

Audit Committee

During the year the Audit Committee comprised John May (until he retired in March 2024) and David Palumbo. The Committee has met with the auditor and considered the results and the audit process, and has satisfied itself as to the auditor's independence during the year.

Remuneration Committee

During the year the Remuneration Committee comprised John May and David Palumbo. The policy of the Company on remuneration is to reward individual performance so as to promote the best interests of the Company and enhance shareholder value. The remuneration of Directors is approved by the Board. Individual Directors do not participate in decisions concerning their own remuneration.

Internal control

The Board is committed to the maintenance of effective internal controls. The Board recognises its responsibility for maintaining a strong system of internal control to safeguard shareholders' investment and the Company's assets and for reviewing its effectiveness. The system of internal financial control is designed to provide reasonable, but not absolute, assurance against material misstatement or loss.

The Board has determined that there is currently no requirement for an internal audit function whilst it is undertaking its current activities. However, the Directors will continue to review the requirement for an internal audit function on a regular basis.

Compliance with Governance Code

The Board of Directors of Mindflair PLC ("Mindflair" or "the Company") is committed to developing and applying high standards of corporate governance. The Board of Directors has applied the QCA Code, revised in April 2018 as devised by the Quoted Companies Alliance. An update to the Code will apply to financial reports beginning on or after 1 April 2024.

The Quoted Companies Alliance is the independent membership organisation that champions the interests of small to mid-size quoted companies. The QCA Code takes key elements of good governance and applies them in a manner which is workable for the different needs of growing companies.

A revised version of the QCA Code (the "Revised Code") was published in April 2018, based on the 'comply or explain' principle.

The QCA Code is constructed around ten broad principles (accompanied by an explanation of what these principles entail, under 'application') and a set of disclosures. The Code states what is considered to be appropriate arrangements for growing companies, and asks companies to provide an explanation about how they are meeting the principles through the prescribed disclosures.

The table below sets out the principles, the application recommended by the QCA code. It then sets out how the Company complies with these requirements and departures from code, and provides links to appropriate disclosures. These are based upon the recommended disclosures provided in the QCA code.

These disclosures were last reviewed on 18 June 2024.

Corporate Governance Report (continued)

Annual Report and Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2023

Principles:	Applications:
<p>1. Establish a strategy and business model which promote long-term value for shareholders</p>	<p>The Company is an Investing Company and the Board has adopted a strategy appropriate for its status. The Company’s Investing Policy is to invest principally, but not exclusively, in technology sectors. The Company will consider investments in the United Kingdom, Ireland and mainland Europe more generally but will also consider investments in wider geographical regions. The Company may be either an active investor and acquire control of a single company or it may acquire non-controlling shareholdings. Once a target has been identified, additional funds may need to be raised by the Company to complete a transaction.</p> <p>The proposed investments to be made by the Company may be in either quoted or unquoted securities made by direct acquisition and may be in companies, partnerships, funds or joint ventures; or direct interests in projects and can be at any stage of development. The Company’s equity interest in a proposed investment may range from a minority position to 100 per cent. ownership.</p> <p>The Company will identify and assess potential investment targets and where it believes further specialist investigation is required, it intends to appoint appropriately qualified advisers to assist.</p> <p>The Company proposes to carry out a comprehensive and thorough project review process in which all material aspects of any potential investment will be subject to rigorous due diligences, as appropriate. It is likely that the Company’s financial resources will be invested in a small number of projects or investments or potentially in an investment which may be deemed to be a reverse takeover under the AIM Rules. Where this is the case, it is intended to mitigate risk by undertaking an appropriate due diligence process. Any transaction constituting a reverse takeover under the AIM Rules will require shareholder approval. The possibility of building a broader portfolio of investment assets will also be considered.</p> <p>The Company intends to deliver shareholder returns principally through capital growth rather than capital distribution via dividends. Given the nature of the Company’s Investing Policy, the Company does not intend to make regular disclosures or calculations of net asset value.</p> <p>The Directors believe that their broad collective experience together with their extensive network of contacts will assist them in the identification, evaluation and funding of suitable investment opportunities. When necessary, other external professionals will be engaged to assist in the due diligence of prospective opportunities. The Directors will also consider appointing additional directors with relevant experience if the need arises.</p> <p>The objective of the Directors is to generate capital appreciation and any income generated by the Company will in the first instance be applied to cover costs or will be added to the funds available to further implement the Investment Policy. However, they may recommend or declare dividends at some future date depending on the financial position of the Company.</p>
<p>2. Seek to understand and meet shareholder needs and expectations</p>	<p>The Board is committed to maintaining good communication and having constructive dialogue with its shareholders. Institutional shareholders and analysts have the opportunity to discuss issues and provide feedback at meetings with the Company.</p> <p>In addition, all shareholders are encouraged to attend the Company’s Annual General Meeting.</p> <p>Investors also have access to current information on the Company through its website, www.mindflair.tech</p>

Corporate Governance Report (continued)

Annual Report and Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2023

<p>3. Take into account wider stakeholder and social responsibilities and their implications for long-term success</p>	<p>The Board recognises that the long-term success of the Company is reliant upon the efforts of its directors. The Company does not currently have any other employees, and it is also reliant upon its contractors, suppliers and regulators.</p> <p>The Board has put in place a range of processes and systems to ensure that there is close Board oversight and contact with its key resources and relationships.</p> <p>For example, the Board ensures that all key relationships with, for example, customers and suppliers are the responsibility of, or are closely supervised by, one of the directors or the Company's accountant.</p>																				
<p>4. Embed effective risk management, considering both opportunities and threats, throughout the organisation</p>	<p>In addition to its other roles and responsibilities the Audit Committee (see composition details in Corporate Governance section of website) is responsible to the Board for ensuring that procedures are in place, and are being effectively implemented to identify, evaluate and manage the significant risks faced by the Company.</p> <p>The risk assessment matrix below sets out those risks, and identifies their ownership and the controls that are in place.</p> <p>This matrix is updated as changes arise in the nature of risks or the controls that are implemented to mitigate them. The Audit Committee reviews the risk matrix and the effectiveness of scenario testing on a regular basis.</p> <p>The following principal risks, and controls to mitigate them, have been identified:</p> <table border="1" data-bbox="507 1048 1481 1686"> <thead> <tr> <th>Activity</th> <th>Risk</th> <th>Impact</th> <th>Control(s)</th> </tr> </thead> <tbody> <tr> <td>Management</td> <td>Recruitment and retention of key staff</td> <td>Reduction in operating capability</td> <td>Stimulating and safe working environment. Balancing salary with longer terms incentive plans.</td> </tr> <tr> <td>Regulatory adherence</td> <td>Breach of rules or product requirements</td> <td>Censure or withdrawal of authorization</td> <td>Strong compliance regime</td> </tr> <tr> <td>Strategic</td> <td>Damage to reputation inadequate disaster recovery procedures</td> <td>Inability to secure new customers. Loss of key operational and financial data</td> <td>Effective communications with shareholders. Secure off-site storage of data</td> </tr> <tr> <td>Financial</td> <td>Liquidity, market, and credit risk.</td> <td>Inability to continue as going concern.</td> <td>Robust financial controls and procedures in place.</td> </tr> </tbody> </table> <p>The Directors have established procedures, as represented by this statement, for the purpose of providing a system of internal control. In addition, there are a range of Company policies that are reviewed at least annually by the Board. These policies cover matters such as share dealing and insider legislation. The Board currently takes the view that an internal audit function is not considered necessary or practical due to the size of the Company and due to the close day to day monitoring control exercised by the Directors. However, the Board will continue to monitor the need for an internal audit function.</p>	Activity	Risk	Impact	Control(s)	Management	Recruitment and retention of key staff	Reduction in operating capability	Stimulating and safe working environment. Balancing salary with longer terms incentive plans.	Regulatory adherence	Breach of rules or product requirements	Censure or withdrawal of authorization	Strong compliance regime	Strategic	Damage to reputation inadequate disaster recovery procedures	Inability to secure new customers. Loss of key operational and financial data	Effective communications with shareholders. Secure off-site storage of data	Financial	Liquidity, market, and credit risk.	Inability to continue as going concern.	Robust financial controls and procedures in place.
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Corporate Governance Report (continued)

Annual Report and Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2023

	<p>The annual review of internal control and financial reporting procedures did not highlight any issues warranting the introduction of an internal audit function. It was concluded, given the current size and transparency of the operations of the Company, that an internal audit function was not required.</p> <p>As noted in the Strategic Report in the Annual Report, the Board regularly reviews operating and strategic risks and considers in such reviews financial and non-financial information including:</p> <ul style="list-style-type: none"> • a review of the business at each Board meeting, focusing on any new decisions/risks arising; • the performance of investments; <ul style="list-style-type: none"> • selection criteria of new investments; • and reports prepared by third parties.
<p>5. Maintain the board as a well-functioning balanced team led by the chair</p>	<p>During the period, the Board comprised, Nicholas Lee, who has key responsibility for the day to day management of the Company and two other Directors, John May (until he retired in March 2024) and David Palumbo as independent non-executive directors.</p> <p>The Board is assisted by Robert Porter with respect to financial accounting and as Company Secretary.</p> <p>The time commitment formally required by the Company is an overriding principal that each director will devote as much time as is required to carry out the roles and responsibilities that the director has agreed to take on. Biographical details of the current directors are set out within Principle Six below.</p> <p>Directors are subject to re-election intervals as prescribed in the Company’s Articles of Association.</p> <p>At each Annual General Meeting one-third of the Directors, who are subject to retirement by rotation shall retire from office. They can then offer themselves for re-election. The letters of appointment of all directors are available for inspection at the Company’s registered office during normal business hours.</p> <p>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 Act 2006.</p> <p>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.</p> <p>The Board meets as regularly as necessary given its AIM status. It has established an Audit Committee and a Remuneration Committee, particulars of which appear hereafter. The Board agreed that appointments to the Board are made by the Board as a whole and so has not created a Nominations Committee. The Board is seeking a replacement for John May who will join the Remuneration and Audit Committees.</p> <p>Board Meetings</p> <p>The Board retains full control of the Company with day-to-day operational control delegated to Directors. The full Board meets on occasions it considers necessary.</p> <p>The Directors believe that their broad collective experience together with their extensive network of contacts will assist them in the identification, evaluation and funding of suitable investment opportunities. When necessary, other external professionals will be engaged to assist in the due diligence of prospective opportunities. The Directors will also consider appointing additional directors with relevant experience if the need arises.</p>

Corporate Governance Report (continued)

Annual Report and Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2023

	<p>During 2023 there have been 4 board meetings and the Audit and Remuneration Committees have met on 1 occasion respectively.</p> <p>Attendance of the board meeting is set out below:</p> <p>David Palumbo 4/4 John May 4/4 Nicholas Lee 4/4</p> <p>As at the date of the annual results the Company did not have two independent non-executive directors which it is seeking to rectify.</p>
<p>6. Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities</p>	<p>The Board currently comprises of two directors and, in addition, the Company uses the services of Robert Porter for ad hoc financial accounting and advisory services and also to act as Company Secretary.</p> <p>Nicholas Lee, is not considered to be independent as he is a director of Riverfort Global Opportunities plc that has a Substantial Shareholding (13.9%) in Mindflair.</p> <p>David Palumbo is currently the Company's only independent non-executive director.</p> <p>Nicholas Lee – Director</p> <p>Nicholas has more than 25 years of experience in international investment banking and working as a company director. Nicholas was with Dresdner Kleinwort and its antecedent firms from 1988 to 2009, starting at Kleinwort Benson Group plc and rising to Managing Director, Head of Banking, Hedge Fund Solutions Group. Previously as a Managing Director in mergers and acquisitions at Dresdner Kleinwort Wasserstein, Nicholas advised leading companies from a number of different industries, including the natural resources, financial services, consumer and retail sectors. Nicholas is currently a director of a number of listed companies. Nicholas qualified as a chartered accountant with Coopers & Lybrand and has an MA in engineering from St John's College, Cambridge.</p> <p>David Palumbo – Director</p> <p>David is currently the Chief Executive Officer of AIM-listed EQTEC plc ("EQTEC"), a leading gasification technology solutions company for sustainable waste-to-energy projects, having joined EQTEC's board in August 2019. Since becoming Chief Executive Officer, EQTEC's valuation has increased significantly, and the company now has a market capitalisation of over £19 million. David is an experienced entrepreneur with over 20 years of experience in private equity, venture capital and asset management. Since 2006, he has founded and co-founded a number of companies in various industries such as cleantech, digital technology, and real estate. David is also the Founding and Managing Partner of Origen Capital LLP, a private investment firm representing family offices and private consortia in Europe, CIS and Latin America. He holds a BSc and an MSc in electrical engineering.</p>
<p>7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement</p>	<p>Evaluation of Board Performance:</p> <p>Internal evaluation of the Board, the Committees and individual directors is important and will develop as the status of the Company changes in the future. The expectation is that board reviews will be undertaken on annual basis in the form of peer appraisal, questionnaires and discussions to determine the effectiveness and performance in various areas. The Company currently has Nicholas Lee in an executive capacity.</p> <p>Nicholas Lee is currently the person responsible for guiding the business of the Board and ensuring long-term strategic focus and investments. The QCA Code recommends that this role should be undertaken as a non-executive role.</p> <p>As the Company develops and grows, it is committed to strengthen and reorganise the Board with the appointment of further experienced directors in order to maintain appropriate balance.</p>

Corporate Governance Report (continued)

Annual Report and Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2023

<p>8. Promote a corporate culture that is based on ethical values and behaviours</p>	<p>Corporate Culture:</p> <p>The Board recognises that their decisions regarding strategy and risk will impact the corporate culture of the Company as a whole and that this will impact the performance of the Company.</p> <p>The Board is very aware that the tone and culture set by the Board will greatly impact all aspects of the Company as a whole. The Company does not currently have any other employees.</p> <p>Therefore, the importance of sound ethical values and behaviour is crucial to the ability of the Company to successfully achieve its corporate objectives.</p> <p>The Board places great importance on this aspect of corporate life and seeks to ensure, through regular discussions between all directors, that this flows through all that the Company does.</p> <p>The Board assessment of the culture within the Company at the present time is one where there is respect for all individuals, there is open dialogue within the Company and there is a commitment to best practice operations.</p> <p>The Board is able to ensure ethical behaviour and values are recognised and respected through its due diligence process when directing the investing strategies of the Company. All investment decisions are made in furtherance of the Company’s strategy and business model.</p>
<p>9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the board</p>	<p>Maintain Appropriate Governance Structures and Processes:</p> <p>The Board schedule provides for quarterly meetings and, in addition, meets ad-hoc as required. Similarly for the Audit and Remuneration Committees.</p> <p>Notwithstanding the above the Board and its Committees receive appropriate and timely information prior to each meeting; a formal agenda is produced for each meeting, and Board and Committee papers are distributed several days before meetings take place. Any Director may challenge Company proposals and decisions are taken democratically after discussion.</p> <p>Any Director who feels that any concern remains unresolved after discussion may ask for that concern to be noted in the minutes of the meeting, which are then circulated to all Directors. Any specific actions arising from such meetings are agreed by the Board or relevant Committee and then followed up by the Company’s management.</p>
<p>10. Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders</p>	<p>The Company communicates with shareholders through the Annual Report and Accounts, full-year and half-year announcements, the Annual General Meeting (AGM) and one-to-one meetings with large existing or potential new shareholders.</p> <p>A range of corporate information (including all Company announcements and presentations) is also available to shareholders, investors and the public on the Company’s corporate website, www.mindflair.tech</p>

Nicholas Lee
Director
26 June 2024

Independent auditor's report to the members of Mindflair plc

Annual Report and Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2023

Opinion

We have audited the financial statements of Mindflair Plc (the 'Company') for the year ended 31 December 2023 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) 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 ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining management's forecast cash flows covering the period from the date of signing to the end of June 2025. We assessed the assumptions within the forecast with regards to income generation, capital funding and cash flows.
- Carrying out a comparison of actual results for the year to past budgets to assess the forecasting ability/accuracy of management.
- Assessing the adequacy of going concern disclosures within the Annual Report and Accounts.
- Performing a stress test and reviewing the mathematical accuracy of the forecast model.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Our application of materiality

Materiality for the Company financial statement as a whole was set to £292,000 (2022: £428,000).

This has been calculated at 5% of the benchmark of Net Assets (2022: 5% of the benchmark of Net Assets), which we have determined in our professional judgement, to be one of the principal benchmarks within the financial statements relevant to members of the Company in assessing financial performance. We consider the Net Assets of the company to be the performance measure used by the shareholders as Mindflair Plc is an investment company and therefore the key performance indicators are principally comprised of growth in net asset value and share price appreciation.

We set performance materiality at 75% (2022: 75%) of overall financial statements materiality to reflect the risk associated with the judgemental and key areas of management estimation within the financial statements. No significant changes have come to light through the fieldwork which has caused us to revise our materiality figure.

We report to the directors all corrected and uncorrected misstatements we identified through our audit with a value in excess of £14,600 (2022: £21,400), in addition to other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

Independent auditor's report to the members of Mindflair plc (continued)

Annual Report and Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2023

Our approach to the audit

As part of designing the audit, we determined materiality, as above, and assessed the risk of material misstatement in the financial statements, in particular, we looked at areas involving significant accounting estimates and judgements by the directors and considered future events that are inherently uncertain. We also addressed the risk of management override of controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud. We addressed the risk that the investments are not correctly valued by confirming ownership, external share prices, reviewing disclosures and whether management's assumptions were reasonable, considering both listed and unlisted investments.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter

Investments (note 9)

The Company holds assets at fair value through the profit and loss of £6,498,286 (2022: £8,129,292) (see note 9). Unquoted investments now account for a significant portion of the total assets of the company. There is a risk that investments are not valued correctly in accordance with IFRS 9 "Financial Instruments" and IFRS 13 "Fair Value Measurement." This is a key audit matter due to the material nature of the balance, as well as being the Key Performance Indicator for the Company.

The fair value of the Level 2 investments in accordance with the fair value hierarchy set out in IFRS 13 is based on the fund valuation which references valuation techniques using observable inputs other than quoted prices, and therefore involves some management estimation and judgement.

The fair value of the unquoted investments is determined based on Level 3 of the fair value hierarchy which involves significant management judgement. The risk of material error in valuations is greater for those investments which do not have readily available quoted prices.

We have therefore determined that due to the significant judgements involved, this is a key audit matter.

How our scope addressed this matter

Our procedures included, but were not limited to the following:

- Obtaining an understanding of management's processes for determining the fair value of unquoted investments. This included discussing methodology with management and enquiring as to their oversight of the valuation process.
- Comparing year end prices of investments from external sources to those used by management where applicable
- Comparing management's valuation methodology to recognised valuation standards and guidelines, and the appropriateness of valuation methods used.
- Carrying out an assessment of the appropriateness of management's assumptions and obtaining explanations from management where there were significant judgements applied in determining the investment valuations.
- Carrying out an assessment of the appropriateness of assumptions used by the fund where significant judgements were applied in determining the investment valuations.
- Ensuring that the company has full title to the investments held.
- Reviewing the adequacy of the disclosures in the financial statements, including in respect of the valuation methodology, assumptions and fair value hierarchy used.

Independent auditor's report to the members of Mindflair plc (continued)

Annual Report and Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2023

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's 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 (UK) 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.

Independent auditor's report to the members of Mindflair plc (continued)

Annual Report and Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2023

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the company and the sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, industry research and application of cumulative audit knowledge and experience of the sector.
- We determined the principal laws and regulations relevant to the company in this regard to be those arising from: the AIM Rules, Companies Act 2006, UK tax legislation and UK employment laws.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the company with those laws and regulations. These procedures included, but were not limited to:
 - o Enquiries of management
 - o Review of board minutes
 - o Review of RNS announcements
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that there is potential for management biased identified in relation to the valuation of unlisted investments and as noted above we addressed this by challenging the assumptions and judgements made by management when auditing this significant accounting estimate.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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.

Timothy Herbert (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor
London, United Kingdom

15 Westferry Circus
Canary Wharf
London E14 4HD

26 June 2024

Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	Year Ended 31 December 2023 £000's	Year ended 31 December 2022 £000's
CONTINUING ACTIVITIES			
Income			
Other Income	4	4	-
Total income		-	-
(Loss)/Gain on investments held at fair value through profit or loss	9	(2,169)	420
Operating expenses		(500)	(786)
Operating (loss) from continuing activities		(2,665)	(366)
(Loss) before taxation from continuing activities		(2,665)	(366)
Taxation	6	-	-
(Loss) for the year from continuing activities		(2,665)	(366)
Other Comprehensive Income		-	-
Total Comprehensive Income attributable to equity holders of the Company		(2,665)	(366)
Basic (loss) per share			
Equity holders			
Basic	7	(1.44p)	(0.20p)
Fully diluted		(1.44p)	(0.20p)

The accounting policies and notes are an integral part of these financial statements.

Statement of Changes in Equity

FOR THE YEAR END 31 DECEMBER 2023

	Share Capital £000's	Share Premium £000's	Share Capital to be issued Reserve £000's	Capital Redemption Reserve £000's	Retained Earnings £000's	Total £000's
Balance at 1 January 2022	396	7,874	-	11,995	(13,042)	7,223
Loss and total comprehensive loss for the year	-	-	-	-	(366)	(366)
Issues of Shares (net of costs)	61	904	-	-	-	965
As at 31 December 2022	457	8,778	-	11,995	(13,408)	7,822
Loss and total comprehensive profit for the year	-	-	-	-	(2,665)	(2,665)
Shares to be issued (net of costs)	-	-	687	-	-	687
As at 31 December 2023	457	8,778	687	11,995	(16,073)	5,844

Share Capital – amount subscribed for share capital at the nominal amount

Share Premium – amount subscribed for share capital above the nominal amount

Share Capital to be issued Reserve – amount subscribed, net of fees, for share capital allotted on 9 January 2024.

Capital Redemption Reserve – own shares purchased by the Company

Retained earnings – cumulative gains and losses recognised

The accounting policies and notes are an integral part of these financial statements

*(Incorporated in England and Wales with registered number 02929801)***Statement of Financial Position**

AT 31 DECEMBER 2023

	Notes	31 December 2023 £000's	31 December 2022 £000's
Current assets			
Investments	9	6,498	8,129
Trade and other receivables	12	692	373
Cash and cash equivalents		203	847
Total current assets		7,393	9,349
Total assets		7,393	9,349
Equity			
Issued share capital	13	457	457
Share premium	13	8,778	8,778
Retained earnings		(16,073)	(13,408)
Share capital to be issued reserve		687	–
Capital redemption reserve		11,995	11,995
Total equity (Net assets)		5,844	7,822
Liabilities			
Term loan	15	–	1,235
Current liabilities			
Trade and other payables	14	219	292
Term Loan	15	1,330	–
Total liabilities and current liabilities		1,549	1,527
Net current assets		5,844	9,057
Total equity and liabilities		7,393	9,349

These financial statements were approved and authorised for issue by the Board of Directors on 26 June 2024 and were signed on its behalf by:

Nicholas Lee
Director

David Palumbo
Director

The accounting policies and notes are an integral part of these financial statements.

Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2023

	2023	2022
	£000's	£000's
Cash flows from operating activities		
(Loss) for the year	(2,665)	(366)
Realised (gain) on disposal of investments	-	(14)
Fair value movements in investments	2,169	(406)
Finance income	(4)	-
Finance cost	96	-
(Increase) in receivables	(319)	(365)
Increase in payables and Term Loan interest payable	22	117
Net cash used in operating activities	(701)	(1,034)
Cash flows from investing activities		
Payments to acquire investments	(538)	(760)
Proceeds of disposal of investments	-	66
Net cash (used) in investing activities	(538)	(694)
Cash flows from financing activities		
Net Finance cost	(92)	-
Net proceeds from share capital to be issued/issued in the year	687	966
Issue of Loan Notes	-	1,235
Net cash from financing activities	595	2,201
Net (decrease)/increase in cash and cash equivalents during the year	(644)	473
Cash and cash equivalents at beginning of year	847	374
Cash and cash equivalents at end of year	203	847

The accounting policies and notes are integral to these financial statements.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

ACCOUNTING POLICIES

General Information

Mindflair plc (“the Company”) was throughout the year an investing Company with an investing policy adopted on 16 April 2012 and revised on 3 October 2019.

The Company is a limited liability company incorporated and domiciled in England.

The address of the registered office is 9th Floor, 107 Cheapside, London, EC2V 6DN.

These financial statements are prepared in round £000’s, because that is the currency of the primary economic environment in which the Company operates.

Principal accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

Basis of preparation

The financial statements have been prepared in accordance with applicable law and UK adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006. The financial statements have also been prepared under the historical cost convention.

The preparation of financial statements in conformity with applicable law requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed later in these accounting policies.

Going Concern

The financial statements have been prepared on the going concern basis.

During the year under review, the Company made a loss of £2.665 million (2022 – loss of £0.366 million).

Any consideration of the foreseeable future involves making a judgement, at a particular point in time, about future events which are inherently uncertain. The ability of the Company to carry out its planned business objectives is dependent on its continuing ability to raise adequate capital from equity investors and/or the realisation of quoted investments.

At the time of approving these financial statements and after making due enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue operating for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the Company’s financial statements.

In reaching this conclusion, the Directors have considered the financial position of the Company, together with its forecasts and projections for the 12 month period from the signing of these financial statements, taking into account reasonable possible changes in trading performance and the environment for investment. Furthermore, the Company has several sources available to provide funding over the coming years. These include, inter alia, realisations from the SVV funds, the exercise of outstanding warrants and upcoming liquidity events for a number of its other investments, as well as access to debt and equity markets.

Statement of compliance

(a) New standards, amendments and interpretations adopted by the Company

No new standards were adopted during the year.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

ACCOUNTING POLICIES (continued)

(b) New standards, amendments and interpretations not yet adopted by the Company

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRSs that have been issued but are not yet effective. The Company intends to adopt these standards, if applicable, when they become effective.

Standard	Description	Effective date
IAS 1	Amendments Classification of liabilities as Current or Non-current Statement 2: Disclosure of Accounting Policies.	1 January 2024
IFRS 16	Amendments – Lease liability in a Sale and Leaseback	1 January 2024
IAS 1	Amendments – Non-current Liabilities and Covenants	1 January 2024

The Company has not early adopted any of the above standards and the effect of these new and amended Standards and Interpretations which are in issue but not yet mandatorily effective is not expected to be material.

Revenue recognition

Revenue is measured at the fair value of consideration received or receivable and represents amounts receivable for goods or services provided in the normal course of business, net of discounts, VAT and other sales-related taxes, and provisions for returns.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. Dividend income is recognised at the time any market share price is adjusted to exclude the right to receive such dividend or, if there is no such adjustment, when received.

Income tax

Income tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively. Current income tax is calculated on the results shown in the Financial Statements and according to local tax rules, using tax rates enacted or substantially enacted by the Statement of Financial Position date.

Deferred taxation

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

ACCOUNTING POLICIES (continued)**Cash and cash equivalents**

Cash and cash equivalents comprise cash at hand and current and deposit balances at banks, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Financial assets**(a) Classification**

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. Details of these assets and their fair value is included in note 9.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting year. These are classified as non-current assets. The Company's loans and receivables comprise 'other receivables and prepayments' and 'cash and cash equivalents' in the Statement of Financial Position.

(b) Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date, being the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value with transaction costs expensed for all financial assets. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the Income Statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the Statement of Comprehensive Income within Gain on investments held at fair value through profit or loss in the year in which they arise.

(c) Impairment of financial assets

The Company assesses at the end of each reporting year whether there is objective evidence that a financial asset or a group of financial assets is impaired. A significant or prolonged decline in the fair value of equity investments and securities below its cost is also evidence that the assets are impaired. If any such evidence exists the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Cash and cash equivalents Cash and cash equivalents comprise cash in hand and bank balances.

Financial liabilities

Financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. All interest related charges are recognised as an expense in finance cost in the income statement using the effective interest rate method.

The Company's financial liabilities comprise trade and other payables and Loan Notes.

Trade payables are recognised initially at their fair value and subsequently measured at amortised cost less settlement payments. Loan Notes are initially recognised at their fair value and subsequently measured at their amortised cost.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

ACCOUNTING POLICIES (continued)

Equity instruments

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

The share premium account represents premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Share capital account represents the nominal value of the shares issued.

Retained earnings include all current and prior year results as disclosed in the Statement of Comprehensive Income.

The Capital Redemption Reserve includes the nominal value of the Deferred Shares cancelled in 2021.

1. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATIONS

The preparation of the financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting year. Although these estimates are based on management's best knowledge of the amounts, events or actions, actual results ultimately may differ from these estimates.

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.

In certain circumstances, where fair value of investments cannot be readily established, the Company is required to make judgements over carrying value impairment, and evaluate the size of any impairment required.

The basis of the fair value measurement of Unquoted Investments (level 2) and Unquoted Investments (level 3) were as follows:

Level 2 – valued by reference to valuation techniques using observable inputs other than quoted prices included within level 1.

Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data.

Any estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the year.

2. BUSINESS AND GEOGRAPHICAL REPORTING

An operating segment is a component of the Company that engages in business from which it may earn revenues and incur expenses. The Company has only one operating segment, being the investment in companies or assets. Therefore, the financial information of the single segment is the same as that set out in the statement of comprehensive income, the statement of financial position, the statement of changes in equity and the statement of cash flows.

3. AUDITOR'S REMUNERATION

During the year the Company obtained the following services from the Company's auditor.

	2023	2022
	£000's	£000's
Fees payable to auditors for the audit of the Company's financial statements;	22	20
Fees payable to Company's auditor and its associates for other services;	-	-
	22	20

4. OTHER INCOME

The company's other income was:

	2023 £000's	2022 £000's
Interest receivable	4	-
	4	-

5. REMUNERATION

The company's employee emoluments expense was:

	2023 £000's	2022 £000's
Emoluments	117	126
	117	126

The average monthly number of persons employed by the Company, who are all Directors, during the year was as follows:

	2023 No	2022 No
	3	3

Details of Directors emoluments, are given in the Report of Remuneration. These disclosures form part of the audited financial statements of the Company. The Directors of the Company are considered to represent key management of the Company as defined by IFRS. The Directors are the only employees of the Company.

6. TAX EXPENSES

Both current and deferred tax are nil in the year and therefore there is nil tax recoverable/payable.

	2023 £000's	2022 £000's
Factors affecting the tax charge for the year		
(Loss) on ordinary activities before taxation	(2,665)	(366)
(Loss) on ordinary activities before taxation multiplied by the standard rate of UK corporation tax of 23.52% (2022: 19.0%)	(627)	(70)
Effects of:		
Expenses not deductible for tax purposes net of income not subject to corporation tax	514	28
Income not taxable for tax purposes	120	(79)
Chargeable gains	-	3
Remeasurement in deferred tax for changes in tax rates	(7)	(37)
Movement in deferred tax not recognised	-	155
Tax charge	-	-

The Company has tax losses available to carry forward against relevant future taxable income and profits of approximately £9.1 million (2022 £8.6 million) in respect of which no deferred tax asset has been recognised due to the uncertainty as to when profits will be generated against which to relieve said asset.

Where it is anticipated that future taxable profits will be available against which these losses will be utilised a deferred tax asset is recognised.

No deferred tax has been recognised in the year (2022: nil) and the tax charge for the year was nil (2022: nil).

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

7. EARNINGS PER SHARE

	2023	2022
	£000's	£000's
(Loss) attributable to the owners of the Company		
Continuing operations	(2,665)	(366)
	2023	2022
	No. of	No. of
	shares	shares
Weighted average number of shares for calculating basic (loss) per share	185,458,012	171,274,697
Weighted average number of shares for calculating the fully diluted (loss) per share	185,458,012	171,274,697
	2023	2022
	Pence	Pence
Basic and diluted (loss) per share		
Continuing Operations		
– Basic	(1.44)	(0.20)
– Diluted	(1.44)	(0.20)

8. FAIR VALUE MEASUREMENT

The table below sets out the fair value measurements using the fair value hierarchy. Categorisation within the hierarchy has been determined on the basis of the lowest level of input that is significant to the fair value measurement of the relevant asset as follows:

Level 1 – valued using quoted prices in active markets for identical assets.

Level 2 – valued by reference to valuation techniques using observable inputs other than quoted prices included within Level 1.

Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data.

There were no transfers between categories during the year.

9. INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023	2022
	£000's	£000's
Investments at fair value brought forward	8,129	7,016
Purchase of investments	538	760
Investment disposals	-	(53)
Movement in investment holding	(2,169)	406
Balance	6,498	8,129
<i>Categorised as</i>		
Level 1 – quoted prices	1,331	1,578
Level 2 – SVV funds (based on fund valuation)	3,604	3,651
Level 3 – Unquoted investments	1,563	2,900
	6,498	8,129
Gains/(losses) on investments held at fair value through profit or loss		
Movement in investment holding (losses)/gains	(2,169)	406
Realised gain on disposal of investments	-	14
Net (loss)/profit on investments held at fair value through profit or loss	(2,169)	420

Quoted Investments level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily LSE/AIM equity investments, however, in 2023 and 2022 includes Sure Ventures plc which is a listed specialist fund.

Unquoted investments (Level 2)

The value of Level 2 unquoted investments as at 31 December 2023 was £3,604,000 (2022 – £3,651,000) and comprised;

A holding of £3,336,000 in Sure Valley Ventures ("SVV"), an Irish collective asset-management vehicle with variable capital and limited liability which has been authorised by the Central Bank as a Qualifying Investor Alternative Investment Fund ("QIAIF"). The fair value of the holding in SVV is the value indicated in the capital summary provided by the SVV as at 31 December 2023 and 2022.

A holding of £251,000 in Sure Valley Ventures Enterprise Capital LP, an Irish collective asset-management vehicle with variable capital and limited liability which has been authorised by the Central Bank as a Qualifying Investor Alternative Investment Fund ("QIAIF"). The fair value of the holding in SVV is the value indicated in the capital summary provided by the SVV as at 31 December 2023.

A holding of £17,000 in Sure Valley Ventures III Limited Partnership, SVV's new venture capital fund, SVV3, alongside Enterprise Ireland, the fund's cornerstone investor that committed 50% or €15 million to the fund. SVV3 plans to invest in circa 15 high growth AI software companies in sectors such as Enterprise, Immersive Technologies and Cybersecurity across the Republic of Ireland. The fair value of the holding in SVV III is the value indicated in the capital summary provided by NCM Fund Services Limited as Administrator of Sure Valley Ventures III Limited Partnership.

Unquoted investments (Level 3)

The value of the Level 3 unquoted investments as at 31 December 2023 was £1,563,000 (2022 – £2,900,000) and comprised holdings in Getvisibility, PreCog and Low6 which are unquoted public companies. All holdings are valued at cost or directors' valuation based on recent funding involving independent third-party investors or other clear metrics. The reduction in value was principally driven by the liquidation of Emergent Entertainment Limited and therefore the value of this investment has been fully impaired.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

10. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to a variety of financial risks which result from both its operating and investing activities. The Company's risk management is coordinated by the Board of Directors, and focuses on actively securing the Company's short to medium term cash flows by minimising the exposure to financial markets.

The main risks the Company is exposed to through its financial instruments are credit risk, foreign currency risk, liquidity risk and market price risk.

Capital risk management

The Company's objectives when managing capital are:

- to safeguard the Company's ability to continue as a going concern, so that it continues to provide returns and benefits for shareholders;
- to support the Company's growth; and
- to provide capital for the purpose of strengthening the Company's risk management capability.

The Company actively and regularly reviews and manages its capital structure to ensure an optimal capital structure and equity holder returns, taking into consideration the future capital requirements of the Company and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. Management regards total equity as capital and reserves, for capital management purposes.

Credit risk

The Company's financial instruments, which are subject to credit risk, are cash and cash equivalents. The credit risk for cash and cash equivalents is considered negligible since the counterparties are reputable financial institutions.

The Company's maximum exposure to credit risk is £203,000 (2022: £847,000) comprising cash and cash equivalents.

Liquidity risk

Liquidity risk arises from the possibility that the Company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Company manages this risk through maintaining a positive cash balance and controlling expenses and commitments. The Directors are confident that adequate resources exist to finance current operations.

Market price risk

The Company's exposure to market price risk mainly arises from potential movements in the fair value of its investments.

The company's exposure to price risk on investments is as follows:

	2023	2022
	£000's	£000's
Increase in investments by 10%	650	813
Decrease in investments by 10%	(650)	(813)

11. FINANCIAL INSTRUMENTS**Financial asset by category**

	2023	2022
	£000's	£000's
Financial assets:		
Fair value through profit or loss		
Investments	6,498	8,129
Cash and cash equivalents	203	847
Total	6,701	8,976

Financial liabilities by category

	2023	2022
	£000's	£000's
At amortised cost		
Trade and other payables	314	292
Term Loan (including accrued and unpaid interest)	1,330	1,235

12. TRADE AND OTHER RECEIVABLES

	2023	2022
	£000's	£000's
Prepayments	5	7
Receivable from shares to be issued	687	-
Total	692	7

The proceeds from the shares to be issued were received after the year end as admission of the new shares did not take place until 9 January 2024.

The Directors do not consider credit risk to be material to the Company's operations.

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

13. ISSUED SHARE CAPITAL

	Ordinary shares		Ordinary shares to be issued		Share Premium £000's
	Number of shares	Nominal value £000's	Number of shares	Net proceeds £000's	
Issued and fully paid:					
At 1 January 2022	158,245,209	396	-	-	7,874
Ordinary shares of 0.25p each	12,500,000	31	-	-	469
As a result of warrants exercised during the year	12,211,433	30	-	-	458
At 31 December 2022	182,956,642	457	-	-	8,778
Ordinary shares to be issued:					
Ordinary shares of 0.25p each	-	-	91,300,000	687	-
At 31 December 2023	182,956,642	457	91,300,000	687	8,778

Share issues during the year:

On 26 August 2022 the Company issued 12,500,000 ordinary shares of 0.25p each at 4.00p per share raising gross proceeds of £500,000. Placees also received one warrant for every two shares subscribed for exercisable at 8p per share and expiring on the one-year anniversary of the date of admission.

During 2022 12,211,433 shares were issued on exercise of warrants.

On 21 December 2023 the Company announced the issue of 91,300,000 shares of 0.25p each at a price of 0.8p per share raising gross proceeds of £730,400, however the shares were not formally issued until January 2024.

Rights of ordinary shareholders

The holders of the ordinary shares are entitled to one vote for each share held on a poll. They are also entitled to receive dividends declared in proportion to the number of shares held (subject to any right of another class, and none currently exists, to receive a preferred dividend) and, on a return of capital and subject to the limited participation rights of the holders of the two classes of deferred shares detailed below and any subsequently created class of shares with preferential rights, to participate in such return in proportion to the number of shares held.

13. ISSUED SHARE CAPITAL (continued)**Options and Warrants**

There were no outstanding options.

Warrants over 53,000,000 ordinary shares of the Company with an exercise price of 4 pence per share were issued during the year ended 31 December 2020, in conjunction with the share issues set out in this note. These warrants expired on 30 June 2022. A further 6,250,000 warrants with an exercise price of 8p were issued in conjunction with the share issue in August 2022. A further 47,839,284 warrants were issued to the investors in the Loan notes issued on 22 December 2022 with an exercise price of 4p which will vest if the average of the Company's volume weighted average price exceeds 5.163 pence within the 3 year exercise period of the warrants. Details of movements in warrants and those outstanding as at 31 December 2023 are detailed below.

	Exercise price for the year ended 31 December 2023	Numbers of shares to be issued upon exercise for the year ended 31 December 2023	Exercise price for the year ended 31 December 2022	Numbers of shares to be issued upon exercise for the year ended 31 December 2022
	£		£	
Outstanding at beginning of year	0.08/0.04	54,089,284	0.04	28,618,404
Exercised during the year	-	-	0.04	(12,211,433)
Expired unexercised during the year		(6,250,000)		(16,406,970)
New warrants issued in August 2022	-	-	0.08	6,250,000
New warrants issued in December 2022	-	-	0.04	47,839,284
Exercisable at end of year	0.08 / 0.04	47,839,284	0.08 / 0.04	54,089,284

14. TRADE AND OTHER PAYABLES

	2023	2022
	£000's	£000's
Trade payables	150	192
Accruals and deferred income	68	97
Taxation and social security	1	3
	219	292

The directors consider the carrying amounts of trade payables to be a reasonable approximation of their fair value. At 31 December 2023 and 31 December 2022, the Company had no material contingent liabilities.

15. LOAN NOTES

On 22nd December 2022, the Company issued two-year £1.235 million unsecured loan notes accruing interest at 7.5% per annum with bullet repayment of principal and interest at the end of the term.

Liabilities	2023	2022
	£000's	£000's
Term Loan	-	1,235
	2023	2022
	£000's	£000's
Current liabilities		
Term Loan including accrued interest	1,330	-

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

16. CAPITAL COMMITMENTS

The Company may invest in collective investment vehicles or funds, subscriptions to which are usually made on a commitment basis. In these circumstances, the Company may be expected to make a commitment to invest that may be drawn down, or called, from time to time, at the discretion of the manager of the fund or collective investment vehicle. The Company will usually be contractually obliged to make such capital call payments and failure to do so would usually result in the Company being treated as a defaulting investor by the fund or collective investment vehicle.

The Company expects to satisfy the cash calls on any such commitments through a combination of reserves and, where applicable, the use of its cash balances, realisation of its other investments, the use of borrowings or, potentially, through the further issue of shares in the Company.

On 2 September 2019, the Company entered into a commitment, which was approved by the shareholders on 3 October 2019, to invest up to €3.5 million in Sure Valley Ventures. Sure Valley Ventures is a venture capital fund focused on investing in the software technology sector with a specific focus on augmented and Immersive Technologies, artificial intelligence (“AI”) and the internet of things (“IoT”). Sure Valley Ventures has a portfolio of 14 investee companies at different stages of development and the €3.5 million investment by the Company would be expected to be made over the life of the fund.

On 3 March 2022, the Company entered into a commitment to invest up to £5 million in the Sure Valley Ventures UK Software Technology Fund (“SVV2”). SVV2 will invest in a range of private UK software companies with a focus on companies in the metaverse, AI and Cybersecurity sectors. The outstanding commitment at the period end was a further £4.5m.

On 23 February 2023, Mindflair entered into a commitment to invest in SVV’s new venture capital fund, SVV3, alongside Enterprise Ireland, the fund’s cornerstone investor that committed 50% or €15 million to the fund. SVV3 plans to invest in circa 15 high growth AI software companies in sectors such as Enterprise, Immersive Technologies and Cybersecurity across the Republic of Ireland. The outstanding commitment at the period end was a further €5 million.

17. RELATED PARTY TRANSACTIONS

Ultimate controlling party

The Directors do not consider there to be a single ultimate controlling party.

Remuneration of key management personnel

The remuneration of the directors can be found in the Report on Remuneration on page 15 and in Note 5. The related party disclosures in respect of this remuneration represent the only related party disclosures requires and are disclosed below:

	2023	2022
	£	£
Fees for consultancy services supplied by Origen Capital Limited, a company of which David Palumbo is a director	22,000	24,000

Share placing

In June 2022, Riverfort Global Opportunities plc, a company in which Nicholas Lee is Investment Director, exercised warrants and acquired 4,814,200 shares.

In August 2022, the Company carried out a share placing amounting to 12,500,000 shares. Riverfort Global Opportunities plc, participated and acquired 2.5 million new shares and 1.25 million warrants over shares which remain exercisable as at 31 December 2022. In the same share placing, Nicholas Lee, John May and David Palumbo also participated acquiring 350,000, 200,000 and 200,000 shares and 175,000, 100,000 and 100,000 warrants respectively and their warrants remain exercisable at the end of the year.

18. POST BALANCE SHEET EVENTS

In January 2024, Warducks was unable to raise new funding and therefore filed for liquidation. In June 2024, a new investment was made in Inspeq AI, a transformative full-stack AI Ops platform, alongside Delta Partners and a number of other leading investors. This was the first investment by SVV3. Also in June 2024, the fourth investment from SVV2 was made in Ittybit, a pioneering developer tools company. In addition, in June 2024, Ambisense went into liquidation as it was unable to raise new funds.

