Smarttech247 Group plc

Annual Report

and

Financial Statements

for the year ended 31 July 2023

Company no: 14385467

COMPANY INFORMATION

DIRECTORS:	R Murphy (Executive Chairman) R Saceanu (CEO) N Lee (Finance Director) S Cope M Connelly
SECRETARY:	M Desmond
REGISTERED OFFICE:	165 Fleet Street London EC4A 2DY
COMPANY REGISTRATION NUMBER:	14385467
REGISTRAR AND TRANSFER OFFICE:	Neville Registrars Limited Neville House Steelpark Road Halesowen B62 8HD
BANKERS:	HSBC 77 Albion Street Leeds LS1 5AW
SOLICITORS:	Rosenblatt 165 Fleet Street London EC4A 2DY

COMPANY INFORMATION

INDEPENDENT AUDITOR:	PKF Littlejohn LLP Statutory Auditor 15 Westferry Circus Canary Wharf London E14 4HD
NOMINATED ADVISOR:	SPARK Advisory Partners 5 St. John's Lane London EC1M 4BH
JOINT BROKER:	Fortified Securities 162 Buckingham Palace Road London SW1W 9TR
JOINT BROKER:	Shard Capital Partners LLP 3rd Floor 70 St Mary Axe London EC3A 8BE

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CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 31 JULY 2023

INTRODUCTION

Smarttech247 Group plc (the "Company") is a public limited company whose shares are quoted on the AIM market of the London Stock Exchange. The Company is a multi-award-winning provider of AI-enhanced cybersecurity services providing automated managed detection and response for a portfolio of international clients. It has four directly and indirectly owned subsidiaries, Zefone Limited, Smart Systems Security Limited, Smarttech 247 Cyber Security Sarl incorporated and Smarttech Sp z.o.o. (together "Smarttech247" or the "Group").

We are pleased to report our results for the year to 31 July 2023.

HIGHLIGHTS

The key highlights for the year are as follows:

Year to	**31 July 2023 Audited**	**31 July 2022 Unaudited**	**Change**
	€000	**€000**	**%**
Revenue	12,180	10,206	+19.3
Gross profit	6,806	5,545	+22.7
Gross profit margin	55.9%	54.3%	
Operating costs	6,981	3,850	
Adjusted EBITDA (Note 6)*	2,698	1,984	+36.0%
Operating profit	303	1,756	
Profit before tax	204	1,534	
As at			
Cash	6,062	2,358	
Net assets	11,483	4,533	

* Adjusted EBITDA is a non-IFRS measure and has been reconciled to the underlying IFRS numbers in Note 6

- Listing achieved on the London Stock Exchange, raising £3.7 million.
- Revenue and profits continue to grow strongly.
- A number of new contracts have been won during the period, spearheaded by the Group's Managed Detection and Response ("MDR") VisionX.
- A number of significant partnerships have been entered into with leading players in the industry.
- The platform has been expanded and headcount increased in order to be in a position to deliver growth and develop new products.

CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 31 JULY 2023

- New sales capacity established to increase the rate of revenue growth.
- New products are being developed including a new VisionX product with further development of ThreatHub and NoPhish.

REVIEW OF THE YEAR

2023 has had a transformational year for the Group with a listing being achieved on the London Stock Exchange in December 2022 and funds successfully raised from new investors. At the same time, the business has continued to grow significantly, building out its platform and headcount to service demand.

The Group now has the platform in place to support and accelerate its revenue growth. We have also launched new products and won multiple new contracts with major global companies and institutions. These contracts are important as they provide clear validation of the service that we provide and clear reference points for new customers. We are often competing with global companies to win new business and succeeding, more details on which will be covered in the Chief Executive Officer's ("CEO") Statement.

We firmly believe that our listing will give Smarttech247 greater visibility and credibility in overseas geographies, including the USA and Europe, and will support our growth plans in the short and long term. I am extremely proud of the team that we now have in place and would like to thank them for their hard work and dedication in getting the Group to its current position. I would also like to welcome our new investors.

OUTLOOK AND STRATEGY

Cyber-attacks continue to increase with serious implications for the companies concerned. There is no simple solution to defend an organisation against everything that it can be exposed to but our combination of managed detection and response capabilities can help to significantly reduce the impact of an attack and manage the situation. We therefore see clear opportunities for future growth.

We have started FY2024 well with more contracts being won and a number of existing contracts being renewed so we are very much looking forward to continuing this progress in FY2024.

Ronan Murphy

Executive Chairman

26 January 2024

CEO'S STATEMENT
FOR THE YEAR ENDED 31 JULY 2023

During the year under review, the Group made notable progress on a number of fronts. It has focused on building out its platform and launching new products and is now extremely well-placed to grow revenue. As we embark on a new era at Smarttech247, we are pleased with the Group's prospects and the strategic advances that we are making.

Products

To support its extensive capabilities for Managed Detection and Response ("MDR"), the Group launched its VisionX technology during the year. Tis technology, together with our award-winning capabilities and expertise, provides 24/7 proactive threat detection and response, using cloud data analytics, machine learning and an incident response capability.

This AI-enabled platform is used in tandem with human-led monitoring from Smarttech247's expert team, empowering organisations to leverage AI and intelligent automation to enhance their security operations.

During the year, we have also embarked on the development of a new version of the VisionX product. This offers a very different functionality in that it is multi-tenancy and has a completely new User Interface – this is a very important element of the VisionX platform as it is heavily relied upon by product users to enable them to assess the effectiveness of their security operations in real time. This new design offers users an intuitive approach that simplifies complex security operations. With improved functionality, advanced analytics, threat hunting and customisable dashboards, customers will gain unprecedented insights into their organisation's security posture.

Post period end in August 2023, the Group also announced that its VisionX platform is available on the Amazon Web Services ("AWS") Marketplace. AWS's well-established, trusted platform allows us to showcase VisionX to a wider range of customers, demonstrating our commitment to delivering leading security solutions to a global audience.

The Group is continuing to develop its threat and vulnerability software called Threathub. Threathub has attack surface intelligence management features which allow organisations to manage their risk continuously by providing them with automated threat modelling and dynamic risk governance capabilities based on their internal and external attack surface.

We are progressing with the revamping of our Managed Phishing Response Platform, NoPhish, underscoring our steadfast commitment to addressing the dynamic landscape of cybersecurity threats. The latest developments represent a pivotal advancement, facilitating expeditious responses to phishing incidents through a streamlined and intuitive user experience. This enhancement is poised to significantly contribute to the efficacy of our platform by minimising response times and optimising operational agility.

Contracts

Smarttech247 holds a strong position within the cybersecurity market, and we are pleased to be able to deliver revenue and adjusted EBITDA growth. Just prior to joining AIM, the Group won a three-year contract with a total sales value of US$800,000 with a Fortune 150 leading automotive retailer in the USA with annual revenues of over US$20 billion. This was followed by a three-year agreement with a large US tech company headquartered in Massachusetts and a two-year agreement with a prestigious university in Ireland worth circa US$400,000 and US$450,000 respectively over the length of the contracts. All these contracts are centred on the Group's MDR platform, VisionX.

In July 2023, the Group announced that it had received an order from an existing client, a global, automotive technology company, worth in total circa US$3 million over three years. This order includes the provision and implementation of the Group's cutting-edge security intelligence technology, VisionX to provide enhanced visibility and threat detection. Once integrated, it provides a unified and proactive security solution by combining real-time threat monitoring, rapid incident response and advanced analytics. This will enable the digital resilience of the client's assets to be strengthened thereby safeguarding them more effectively.

CEO'S STATEMENT
FOR THE YEAR ENDED 31 JULY 2023

Post period end in August 2023, as part of Smarttech247's partnership with Abnormal Security a multi-year contract worth nearly €400k, over two years, was won with a global organisation within the aviation industry sector.

In October 2023, the Group won a tender contract from an existing Government of Ireland department client, worth circa €400,000 over two years. This deal will see Smarttech247 leverage its strategic partnership with IBM to provide its IBM QRadar Security Information and Event Management ("SIEM") solution. The technology is designed to provide security teams with centralised visibility into enterprise-wide security data. This resource empowers Smarttech247 clients with actionable insight into the most critical threats, enabling more effective threat management, near real-time visibility and the production of detailed data access and user activity reports.

Smarttech247's client, and the largest automotive retailer in the United States, AutoNation, has recently extended its existing partnership for a further three years. This will allow Smarttech247 to continue supporting this Fortune 150 global enterprise in its cybersecurity solutions and is a testament to the success of the ongoing partnership. Furthermore, AutoNation's Vice President and CISO, Chip Regan, recently explained in a recent case study why Smarttech247 was the obvious choice when it came to its cybersecurity needs and specifically how partnering with Smarttech247 has allowed AutoNation to achieve a granular level of security and monitoring on a scale that suits such a large, global enterprise.

In November 2023, the Group announced that it had signed a new deal with a global pharmaceutical solutions organisation, based in the USA, worth approximately €900,000 over three years, deploying its AI-enhanced VisionX platform.

Combining the VisionX MDR platform with the managed services offering creates competitive differentiation for the Group. Major new customers have highlighted factors like this as the reason for selecting Smarttech247.

Smarttech247 currently has multiple contracts with leading global organisations. The majority of these contracts are multi-year thereby providing greater certainty of revenue. Also, with contracts now in place with such prestigious organisations, this represents an excellent source of reference for new business.

Partnerships

In the dynamic field of cybersecurity, our strategic technology alliances play a pivotal role in providing best-of-breed solutions to our clients. These collaborations and integrations with our platform VisionX represent a proactive approach to addressing evolving threats, incorporating cutting-edge technologies such as Secure Access Service Edge ("SASE"), Data Loss Prevention ("DLP"), autonomous security, and AI-driven email protection.

In April 2023, the Group announced its participation in the newly released Managed Security Service Provider Program ("MSSP") by its partner, Forcepoint, a global security leader. The program is centred on Forcepoint ONE SSE cloud-native and Forcepoint enterprise data security solutions. As a partner of Forcepoint, Smarttech247 will be able to quickly incorporate Secure Access Service Edge ("SASE") and DLP managed services into its offerings through the MSSP program. Partners of this service can also benefit from flexible consumption of Forcepoint converged, cloud-delivered security solutions, update customer configurations and offer multi-tenant services, all with a few clicks.

With the Group's hosted and managed services centred on Forcepoint ONE SSE cloud-native and Forcepoint enterprise data security solutions, this will allow today's enterprises to manage risk holistically and simplify security operations. This is a potential game-changer when adversaries are constantly finding new ways to steal confidential data.

In July 2023, the Group announces that it had joined forces with SentinelOne (NYSE: S), the autonomous cybersecurity platform company, to deliver comprehensive cybersecurity solutions to businesses of all sizes.

CEO'S STATEMENT
FOR THE YEAR ENDED 31 JULY 2023

SentinelOne, a recognised leader in protecting endpoints, cloud, networks and identities in an intelligent, holistic way. Its technology is at the forefront of the industry and combined with Smattech247's expertise in cybersecurity consulting and MDR services, businesses can be provided with a complete security solution that can adapt and scale with their changing needs.

The partnership combines Smarttech247's expertise in cybersecurity consulting, MDR services and threat intelligence with SentinelOne's market-leading autonomous security technology to provide a comprehensive security solution that protects against cyber threats.

Smarttech247 will maximise the benefits and value of SentinelOne's leading technology for its customers with specialist-managed endpoint protection and response services, whilst SentinelOne will provide Smarttech247 with access to its latest threat intelligence and research.

Post period end, in August 2023, the Group announced a strategic partnership agreement with Abnormal Security, a leading behavioural AI-based email security platform. Unlike traditional secure email gateways, Abnormal Security takes a different approach to stopping email attacks. The cloud-native API architecture ingests thousands of signals across multiple platforms to build a baseline of the known-good behaviour of every employee and vendor in an organisation based on communication patterns, sign-in events and thousands of other attributes. It then applies advanced AI models including natural language processing ("NLP") and behavioural analytics to detect abnormalities in email behaviour that indicate a potential threat and prevent attacks from reaching end users.

Abnormal Security will be integrated into Smarttech247's comprehensive MDR service, VisionX, to provide a unified and proactive security solution.

In October 2023, the Group announced a strategic partnership agreement with Splunk Inc. Splunk Inc. (NASDAQ: SPLK), a cybersecurity and observability leader, helps make organisations more digitally resilient. Businesses use Splunk's unified security and observability platform to keep digital systems secure and reliable. This partnership brings together Smarttech247's automation-driven and human-led VisionX MDR capabilities and Splunk's powerful SIEM technology solutions.

The Group also works with a number of other leading industry players whose products can be incorporated within its MDR platform as required. Such partners include Microsoft, IBM and Crowdstrike among many others.

People and platform

During FY2023, the Group has increased its headcount significantly in order to provide the capacity for future revenue growth. This in itself is a significant achievement given the demand for suitably qualified high-quality personnel. This has also been implemented against the background of tight control over costs to maintain existing margins.

During FY2023, one key area of focus was to build out the Group's sales capability and operations. Investment has now been made in this area and progress achieved which will support the Group's revenue growth going forward.

Also, during the period Paul Garvey was appointed to the Group's Advisory Board. Paul Garvey is currently Vice President and Head of Global Accounts at Check Point Software Technologies Ltd, a leading provider of cyber security solutions to over 100,000 global customers, where he oversees the entire Go To Market capability for Check Point's largest customers. Subsequently, and post period end, Sascha Maier was also appointed to the Group's Advisory Board. Sascha is currently the Group Chief Information and Security Officer at SV Group, a leading hospitality and catering group in Europe. In this role, he oversees the Cyber Resilience strategy for the entire group, including all brands, subsidiaries, and the foundation.

CEO'S STATEMENT
FOR THE YEAR ENDED 31 JULY 2023

Awards and profile

On 9 March 2023, the Group hosted its annual Zero Day Con conference at the Dublin Convention Centre, bringing together leading technology firms, industry experts and government officials to allow business leaders to learn more about the latest cybersecurity trends. This year, over 500 international cybersecurity industry leaders attended, and speakers included senior professionals from the FBI, the Government of Ireland, and top cybersecurity and medical companies.

In May 2023, the Group was named Cyber Security Company of the Year by Chambers Ireland InBusiness Recognition Awards 2023. This is a prestigious award and an important recognition for Smarttech247 to receive in its first year as a publicly quoted organisation.

The Group has once again been nominated as a Deloitte Fast 50 Technology Company for 2023. Deloitte Fast 50 is one of Ireland's foremost technology award programs, each year highlighting the 50 fastest-growing technology companies across Ireland.

The Group also secured the 'Email Security Solution of the Year' title at The Computing Security Awards 2023 for its product 'NoPhish'. This cutting-edge solution operates in real-time, detecting and responding to phishing attempts. By analysing reported emails and identifying malicious elements, such as attachments or URLs, NoPhish enables organisations to stay ahead of cyber threats. Phishing remains a critical concern for companies globally and NoPhish offers clients a defense through its proactive approach and intelligence. The 'Email Security Solution of the Year' award signifies Smarttech247's commitment to innovation and the security of its clients.

Furthermore, Smarttech247 has been recognised as a finalist for the 'Scale Up of the Year' award at the prestigious Tech Industry Alliance Awards and has also received a nomination for the 'Cyber Security Solution Provider of the Year' award at the 2023 EU Cyber Awards. Smarttech247 was also shortlisted for the 'Best Newcomer' Award at the AIM Awards 2023, for seven awards at the Computing Security Awards 2023 (these include New Product/Solution of the Year, One to Watch Security and Data Protection as a Service Provider of the Year) and for Tech Scale up of the Year award at the Tech Industry Alliance Awards in October 2023.

Financial Commentary

In terms of financial performance, the revenue of the Group increased by around 20% over the prior year as a result of winning several new contracts during FY2023. Gross profit margins improved slightly leading to a gross profit increase of around 23%.

Operating costs increased significantly, principally as a result of the costs of the Company's Initial Public Offering on AIM ("IPO") and other costs incurred during the year. Underlying operating costs, after adjusting for IPO related and other costs increased during the period reflecting the increase in the scale of operations and the commencement of amortisation of certain of the Group's new products.

Underlying adjusted EBITDA (as reconciled in Note 6), after adjusting for certain costs and amortisation/depreciation, grew by over 36% during the period. The Group's underlying cash generation was strong, providing cash to deploy in the development of new products which is fundamental to a business like Smarttech247.

The Group's financial position also improved significantly over the period as a result of the conversion of the convertible loan note and the funds raised at IPO. Consequently, the Group is very well positioned to fund future growth.

FY2024 has started well with both new contracts being won and a number of existing clients renewing their contracts.

Raluca Saceanu- CEO

26 January 2024

STRATEGIC REPORT
FOR THE YEAR ENDED 31 JULY 2023

INTRODUCTION

The Directors present their Strategic Report on the Group for the year ended 31 July 2023.

Smarttech247 Group plc was incorporated on 29 September 2022 and on 18 December 2022, acquired 100% of Zefone Limited, the principal operating subsidiary of the Group. The Company had not traded prior to the acquisition.

PRINCIPAL ACTIVITY AND BUSINESS MODEL

Smarttech247 is a multi-award-winning AI-based cybersecurity organisation. The Group is led by a highly experienced Board and management team, with its head office located in Cork, Republic of Ireland and a client base that operates in Europe and the USA. The Company recently listed on AIM, raising additional funding to continue the development of its proprietary technology, grow its international presence and support its expansion into new products. The Board intends to achieve this through a combination of continued organic growth and, if appropriate, through complementary acquisitions.

BUSINESS REVIEW

For the year to 31 July 2023, the Group made an operating profit from continuing operations of €303K (2022: profit €1,756K). As at 31 July 2023, the Group had cash resources of €6,062K (2022: €2,358K).

The Chairman, in his Statement, and the Chief Executive Officer in her Report, have summarised the activities of the Group during the financial year.

KEY RISKS AND UNCERTAINTIES

The Group operates in a competitive market with significant competition from larger international companies. Furthermore, the speed and sophistication of modern cyberattacks require the creation of innovative solutions in order for the Group to remain competitive.

The principal risks and uncertainties facing the Group are described below:

Risk		Mitigation
Potential adverse effects of cybersecurity attacks on the Group	As a publicly-traded cybersecurity solutions business, the Group will be a prominent target for potential attacks by third parties attempting to access the Group's MDR Platform and/or the Group's cloud-based IT operations.	Given the Group's expertise in the sector it is well placed to guard against this risk, particularly as it actively monitors the type and nature of cyberattacks. It also understands the best protection measures to employ.
Infrastructure and foundations of the Group may not support growth	The Group is at a relatively early stage of its growth plans and whilst every measure has been taken to build a platform for growth, its infrastructure and foundations may not currently be suitable for its proposed scale of expansion and increase in the complexity of operations.	The Group is steadily building out its operations and already has a number of different locations and operating units as a foundation on which to increase scale.

STRATEGIC REPORT
FOR THE YEAR ENDED 31 JULY 2023

Risk		Mitigation
Use of licences to third-party software and other intellectual property by the Group	The Group relies on the use and integration of certain third-party products and licences. Any issues with the availability of such licences may impact the Group's operations.	The Group is developing a number of its own products which should improve return and reduce the risk of third-party reliance.
Dependence on key personnel and employees	The Group is reliant on the performance of its highly qualified personnel. However, there is a scarcity of talent and a high demand from other organisations for their skills.	The Group has developed attractive employment packages which include options in order to retain and attract its personnel. It is also active in sourcing skills from around the world.
Risk resulting from international operations	The Group necessarily operates in a number of jurisdictions both from a customer and operational standpoint. This can add complexity and risk to the business.	The Board has the appropriate management in place in order to monitor and manage these operations.
Technological change and competition	The sector in which the Group operates is fast-paced and competitive with a range of both existing and new entrants.	The Group has already established a customer base with some large multinational companies and is becoming integrated with their IT infrastructure thereby becoming a key element of their cybersecurity armoury. Also, contracts are often multi-year in nature with provide further security to revenue.
The impact of global conditions on customers of the Group and the potential for revenues to be negatively affected	The Group operates on an international stage and therefore performance can be affected by events in other parts of the world.	The Group seeks to mitigate this risk by ensuring that it has geographical and sector diversification. Currently, the group has customers and operations in a number of European locations as well as a customer base in the United States. The Group will continue to increase its level of diversification.
Changes in laws, regulations and guidelines	The Group's business is subject to the laws, regulations and guidelines of a number of different jurisdictions and such laws and regulations are subject to changes that are outside the Group's control.	The Group monitors the laws regulations and guidelines relevant to the Group so that it is able to respond as quickly as it can to changes that may both negatively and positively impact the operations of the Group.
Data protection breaches	The Group must ensure ongoing compliance with various data protection laws. The Group is under an obligation to protect the private and personal data that it holds, including that of its employees.	The Board considers the Group's policies and procedures currently in place to be adequate to ensure compliance with the GDPR.

STRATEGIC REPORT
FOR THE YEAR ENDED 31 JULY 2023

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Details of the Group's financial risk management objectives and policies are set out in Note 28 to these financial statements.

PROMOTION OF THE GROUP FOR THE BENEFIT OF THE MEMBERS AS A WHOLE

S172 of the Companies Act 2006 requires the Board to promote the Group for the benefit of the members as a whole. In particular, the requirements of s172 are for the Directors to:

- Consider the likely consequences of any decision in the long term;
- Act fairly between the members of the Group;
- Maintain a reputation for high standards of business conduct;
- Consider the interests of the Group's employees;
- Foster the Group's relationships with suppliers, customers and others; and
- Consider the impact of the Group's operations on the community and the environment.

The Directors are collectively responsible for formulating the Group's strategy, and during 2023 they have continued to focus on generating additional sales, building the Group's platform and product development.

In addition, the application of s172 requirements can be demonstrated in relation to some of the key decisions made during 2023:

- Commitment to developing and applying high standards of corporate governance
- The implementation of the Group's strategy resulting in revenue growth and winning of new clients.
- The development of new products and services

The Board places equal importance on all shareholders and strives for transparent and effective external communications, within the regulatory confines of a listed company. The primary communication tool for regulatory matters and matters of material substance is through the Regulatory News Service ("RNS"). We also provide an environment where shareholders can interact with the Board and management, ask questions and raise any concerns they may have.

Further details with regard to communication with shareholders is set out in the Corporate Governance Report. The Directors believe they have acted in a way they consider most likely to promote the success of the Group for the benefit of its members as a whole, as required by Section 172 (1) of the Companies Act 2006.

GOING CONCERN

As at the year end, the Group held a significant balance of cash. Furthermore, the Group is generating cash from its operations which it is able to invest in developing its business. The Group has prepared cash forecasts to January 2025 that show that it has sufficient cash resources for the foreseeable future. Accordingly, the Directors believe that as at the date of this report it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

STRATEGIC REPORT
FOR THE YEAR ENDED 31 JULY 2023

ON BEHALF OF THE BOARD

Raluca Saceanu

CEO

26 January 2024

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 JULY 2023

The Directors present their Annual Report on the affairs of the Group, together with the audited financial statements for the year ended 31 July 2023.

GENERAL

Smartech247 Group plc is a public limited company incorporated and registered in England and Wales with its registered office at 165 Fleet Street, London, EC4A 2DY. The Company's registered number is 14385467. The Company has four direct and indirect 100% owned subsidiaries, Zefone Limited incorporated and registered in Ireland, Smart Systems Security Limited, incorporated and registered in England and Wales, Smarttech247 Cyber Security Sarl incorporated and registered in Romania and Smartech Sp z.o.o. incorporated and registered in Poland.

PRINCIPAL ACTIVITIES

Smarttech247 is a multi-award-winning AI-based cybersecurity organisation. The Group is led by a highly experienced Board and management team, with its head office located in Cork, Republic of Ireland and a client base that operates in Europe and the USA. The Group recently listed on AIM, raising additional funding to continue the development of its proprietary technology, grow its international presence and support its expansion into new products. The Board intends to achieve this through a combination of continued organic growth and, if appropriate, through complementary acquisitions.

RESULTS AND DIVIDENDS

The Group made a loss after taxation of €167K (2022: profit €1,378K). It is not expected that a dividend will be declared for 2023 (2022: None).

DIRECTORS AND DIRECTORS' INTERESTS

The Directors of the Company, together with their beneficial interests in the shares of the Company at the end of the year, are listed below. All served on the Board throughout the year, unless otherwise stated. There is a qualifying third party indemnity provision in force for the benefit of the Directors and officers of the Company. Further details of the remuneration received by the Directors is set out in the Directors Remuneration Report.

	Percentage of issued share capital	**31 July 2023**
R Murphy	69.77%	86,572,826
R Saceanu	-	-
N Lee	-	-
S Cope	-	-
M Connolly	-	-

R Murphy held 74,447,389 ordinary shares through his wholly owned company Amplified Technologies Limited and 12,125,437 through a trust, Plumtree Capital.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 JULY 2023

N Lee is Investment Director of RiverFort Global Opportunities plc which holds 7,642,161 shares in the Company representing 6.16%.

Details of the Directors' share options are shown below:

	Number outstanding at 31 July 2023	Exercise Price	Vesting Date	Expiry Date
R Saceanu	4,541,290	29.66p	Various	28 Nov 2032

[1] The Option granted to Raluca Saceanu is a Greater Value Option, except that the Option shall vest by reference to the date of Admission and not by reference to the date of grant. The Option is exercisable at £0.2966 per Ordinary Share.

SUBSTANTIAL INTERESTS

The Company is aware that as at 26 January 2024, the following, other than the Directors shown above, held in excess of 3% of the issued share capital of the Company:

	Number of ordinary shares	Percentage of issued share capital
Employee Benefit Trust	10,546,713	8.50%
RiverFort Global Opportunities plc	7,642,161	6.16%
Premier Miton Group plc	4,720,161	3.80%

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 JULY 2023

CORPORATE GOVERNANCE

The Board recognises its responsibility for the proper management of the Company and is committed to maintaining a high standard of corporate governance. Further details with regard to corporate governance are set out in the Corporate Governance Report.

BOARD OF DIRECTORS

The Company supports the concept of an effective Board leading and controlling the Company. The Board is responsible for approving Company policy and strategy. It meets regularly and has a schedule of matters specifically reserved to it for decision. Management supplies the Board with appropriate and timely information and the Directors are free to seek any further information they consider necessary. All Directors have access to advice from the Company Secretary and independent professionals at the Company's expense. Training is available for new Directors and other Directors as necessary.

The QCA Code recommends at least two members of the Board comprise non-executive directors determined by the Board to be independent. The Board comprises three executive directors and two non-executive directors. The Board considers the two non-executives directors, being Sarah Cope and Michael Connolly to be independent and, as such, the Company complies with the requirements of the QCA Code in this regard. Sarah Cope acts as the Senior Independent Non-Executive Director. The Board has established the Audit Committee and Remuneration Committee. From time to time, separate committees may be set up by the Board to consider specific issues when the need arises. The Board meets at least once a month to review, formulate and approve the Company's strategy, budgets, corporate actions and oversee the Company's progress towards its goals. Given the size of the Board, there is no separate nomination committee. All Director appointments are approved by the Board as a whole.

COMMUNICATIONS WITH SHAREHOLDERS

Communications with shareholders are given a high priority. In addition to the publication of an annual report and an interim report, there is regular dialogue with shareholders and analysts. The Annual General Meeting is viewed as a forum for communicating with shareholders, particularly private investors. Shareholders may question the Chairman and other members of the Board at the Annual General Meeting.

INTERNAL CONTROL

The Directors acknowledge they are responsible for the Company's system of internal control and for reviewing the effectiveness of these systems. The risk management process and systems of internal control are designed to manage rather than eliminate the risk of the Company failing to achieve its strategic objectives. It should be recognised that such systems can only provide reasonable and not absolute assurance against material misstatement or loss. The Company has well established procedures which are considered adequate given the size of the business.

POST YEAR END EVENTS AND FUTURE DEVELOPMENTS

There have been no post year end events.

Future developments are as outlined in the Chairman and CEO's statements.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 JULY 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. The Directors are required by the AIM Rules of the London Stock Exchange to prepare Group and Company financial statements in accordance with UK adopted international accounting standards. Under company law, the directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and profit or loss of the Group for that period.

In preparing these Financial Statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK adopted international accounting standards, subject to any material departures disclosed and explained in the financial statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Goup 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 Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The Company is compliant with AIM Rule 26 regarding the Company's website.

PROVISION OF INFORMATION TO THE AUDITOR

So far as each of the directors are aware at the time this report was approved:

- there is no relevant audit information of which the Company's auditor is unaware: and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

AUDITORS

The auditors, PKF Littlejohn LLP have indicated their willingness to continue in office, and a resolution that they be re-appointed will be proposed at the annual general meeting.

ENERGY AND CARBON REPORTING

Streamlined Energy and Carbon Reporting is required by large companies where energy consumption exceeds 40,000kWh. The Company can confirm that its consumption is less than 40,000kWh and therefore there is no requirement to provide a details of the Company's greenhouse gas emissions, energy consumption and energy efficiencies.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 JULY 2023

This report was approved by the Board on 26 January 2024 and signed on its behalf.

Raluca Saceanu

CEO

26 January 2024

DIRECTORS' REMUNERATION REPORT
FOR THE YEAR ENDED 31 JULY 2023

The remuneration of the directors is fixed by the Board as a whole based on recommendations by the Remuneration Committee. The Board seeks to provide appropriate reward for the skill and time commitment required so as to retain the right calibre of director at a cost to the Group which reflects current market rates. The Remuneration Committee determines the remuneration packages for Executive Directors and other senior employees and keeps the Group's policy on pay and benefits under review generally. This Committee comprises Sarah Cope and Michael Connolly. In general, this Committee expects to meet twice a year, although there has only been one meeting this year as remuneration for the Executive Directors had been fixed for the year at the time of the Company's admission to trading on AIM.

The Remuneration Committee keeps under review the long-term incentivisation of Executive Directors and senior employees, balancing the need to control costs while ensuring that pay and benefits offered by the Group are appropriate for attracting and retaining high calibre staff.

The Committee will continue to have due regard to remuneration reports from independent sources to the guidance of its professional advisers and to good practice generally.

Further details of directors' fees and of payments made for professional services rendered are set out in Note 9 to the Financial Statements.

During the period, the following remuneration and other benefits were charged to the Company:

Name of director	Fees and salaries	Bonus	Pension	**Total 2023**	Total 2022
	€	€	**€**	**€**	€
R Murphy	157,333	–	14,444	**171,777**	142,164
R Saceanu*	85,042	-	2,167	**87,209**	-
N Lee	37,424	–	860	**38,284**	-
S Cope	22,912	–	466	**23,378**	-
M Connolly	10,000	–	-	**10,000**	-
	312,711	–	**17,937**	**330,648**	**142,164**

* R Saceanu was not a director in FY22 and as such her comparative remuneration is not shown.

The figures in the above table are the amounts paid by the Company since IPO other than for R Murphy's figure which includes the amount paid by Zefone Limited to him prior to the IPO as the only director of that company. The amounts do not include any share options issued to directors as outlined below, which had a fair value of €296K attributed to them for the year.

DIRECTORS' REMUNERATION REPORT
FOR THE YEAR ENDED 31 JULY 2023

SHARE OPTIONS

Details of the Directors' share options are shown below:

	Number outstanding at 31 July 2023	Exercise price	Vesting date	Expiry Date
R Saceanu	4,541,290	29.66p	Various	28 Nov 2032

Further details of the share options are set out in Note 23.

Sarah Cope

Director

26 January 2024

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31 JULY 2023

The Directors recognise the importance of sound corporate governance and confirm that they comply with the QCA Code. The QCA Code has become a widely recognised benchmark for corporate governance of smaller quoted companies, particularly AIM companies. The Directors also acknowledge that a new version of the QCA code has been published but only comes into effect for periods commencing on or after 1 April 2024, so this has not yet been adopted by the Group.

The QCA Code recommends that at least two members of the Board comprise non-executive directors determined by the Board to be independent. The Board comprises three executive directors and two non-executive directors. The Board considers the two non-executives directors, being Sarah Cope and Michael Connolly to be independent and, as such, the Company complies with the requirements of the QCA Code in this regard. Sarah Cope is the Senior Independent Non-Executive Director.

The Board has established an Audit Committee and Remuneration Committee. From time to time, separate committees may be set up by the Board to consider specific issues when the need arises.

The Board generally meets once a month to review, formulate and approve the Company's strategy, budgets, corporate actions and oversee the Company's progress towards its goals. During the period the Board met formally five times or generally once a month with an additional Strategy Day.

Anti-bribery policy

The government of the United Kingdom has issued guidelines setting out appropriate procedures for companies to follow to ensure that they are compliant with the UK Bribery Act 2010. The Company has implemented an anti-bribery policy as adopted by the Board and also implemented appropriate procedures to ensure that the Directors, employees and consultants comply with the terms of the legislation.

Audit Committee

The Audit Committee is chaired by Sarah Cope and its other member is Michael Connolly, both of whom are independent non-executive directors. The Audit Committee is responsible for making recommendations to the Board on the appointment of auditors and the audit fee and for ensuring that the financial performance of the Group is properly monitored and reported. In addition, the Audit Committee will receive and review reports from management and the auditors relating to the interim report, the annual report and accounts and the internal control systems of the Group. The Audit Committee expects to meet at least twice a year and additionally when necessary. During the period, this Committee has met once. The objectivity and independence of the auditors will be considered regularly by the Audit Committee.

Compliance with the AIM Rules and Market Abuse Regulation will be covered within the Audit Committee.

Remuneration Committee

The Remuneration Committee is chaired by Michael Connolly and its other member is Sarah Cope, both of whom are independent non-executive directors. The Remuneration Committee expects to meet at least once each year. The committee is responsible for the review and recommendation of the scale and structure of remuneration for senior management, including any bonus arrangements or the award of share options with due regard to the interests of the Shareholders and the performance of the Group. At this stage, the Board does not believe that there is a requirement for a separate Nominations Committee and matters relating to nominations will be covered within the Remuneration Committee. In general, this committee expects to meet twice a year, although the has only been one meeting during the period as remuneration for the Executive Directors had been fixed for the year at the time of the Company's admission to listing.

CORPORATE GOVERNANCE REPORT
FOR THE YEAR ENDED 31 JULY 2023

Share dealing code

The Group has adopted a share dealing code for the Board and all employees, which is appropriate for a company whose shares are admitted to trading on AIM which conforms with the requirements of AIM companies. The Group will take all reasonable steps to ensure compliance with such share dealing code by the Board and any relevant "applicable employees" and compliance with the AIM rules.

The share dealing code will ensure the Company remains in compliance with the Market Abuse Regulations (MAR) which came into effect on 3 July 2016. The Board recognises the importance of, and compliance with, the MAR relating to the disclosure of inside information and disclosure of deals by persons discharging managerial responsibilities ("PDMR") and persons closely associated ("PCA"). As above, responsibility for compliance with MAR is that of the Board.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

BACKGROUND

All members of the Board believe strongly in the value and importance of good corporate governance and in accountability to all of the Group's stakeholders. The statement below explains the approach to governance and how the Board and its Committees operate.

The corporate governance framework which the Company operates, including board leadership and effectiveness, board remuneration, and internal control is based upon practices which the Board believes are proportional to the size, risks, complexity and operations of the business and is reflective of the Group's values. Of the two widely recognised formal codes, it has been decided to adopt the Quoted Companies Alliance's ("QCA") Corporate Governance Code for small and mid-size quoted companies.

The QCA Code is constructed around ten broad principles and a set of disclosures. The QCA has stated what it considers 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 Board has considered how it applies each principle to the extent that the Board judges these to be appropriate in the circumstances, and below is an explanation of the approach taken in relation to each.

The following paragraphs set out the Company's compliance with the ten principles of the QCA Code and reasons for any non-compliance.

1. Establish a strategy and business model which promotes long-term value for shareholders

The Group's business model and strategy is set out on its website. The Board holds at least one session each year dedicated to strategy, which will include input from senior members of the executive management team and any necessary external advisers. A strategic report reflecting the outcome of such sessions will be included in the Company's annual report and accounts.

The principal risks facing the Group are set out in the Strategic Report. The Board will identify and deploy mitigation steps to manage these risks and confront day-to-day. See in addition, Principle 4 below.

2. Seek to understand and meet shareholder needs and expectations

The Board is committed to open and ongoing engagement with the Group's Shareholders. The Board communicates with Shareholders through:

- the Annual Report and accounts;
- the interim and full-year results announcements;
- trading updates (where required or appropriate);

CORPORATE GOVERNANCE REPORT
FOR THE YEAR ENDED 31 JULY 2023

- annual general meetings; and
- the Company's investor relations website (in particular, the "RNS News" and "AIM Rule 26" pages).

The CEO is the primary contact for Shareholders and there is a dedicated e-mail address for shareholder questions and comments. Regular meetings are held between the CEO, Finance Director and institutional investors and analysts to ensure that the Group's strategy, financials and business developments are communicated effectively. The Board will seek to engage with Shareholders who do not vote in favour of resolutions at annual general meetings to understand their motivation.

3. Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Group takes its corporate social responsibilities seriously and is focused on maintaining effective working relationships across a wide range of stakeholders including employees, existing and new direct customers, Introducers, other intermediaries and professional advisers that it collaborates with as part of its business strategy, in order to achieve long-term success. The Group's key stakeholders are identified by a review of the groups and parties that the Group interacts with or works with on a regular basis.

The Executive Directors maintain an ongoing dialogue with stakeholders to inform strategy and the day-to-day running of the business.

4. Embed effective risk management, considering both opportunities and threats, throughout the organisation

The principal risks facing the Group and the industry in which it operates are set out in the Strategic Report. These risks will be reviewed at least once a year and included in the annual report and accounts.

The Group operates a risk framework including a risk register that is managed by the Finance Director. The risk register is intended to be signed off annually by the Board. The CEO and the Audit Committee review the risk register regularly throughout the year.

5. Maintain the Board as a well-functioning, balanced team led by the Chair

The Board comprises five directors:

- Sarah Cope and Michael Connolly as Non-Executive Directors;
- Ronan Murphy as Executive Chairman, Raluca Saceanu as Chief Executive and Nicholas Lee as Finance Director.

The biographies of the Directors are provided in paragraph 6.

Sarah Cope and Michael Connolly are considered by the Board to be independent Non-Executive Directors and were appointed with the objective of bringing experience and independent judgement to the Board.

The Board has been constructed to ensure that it has the right balance of skills, experience, independence and knowledge of the business.

The Board is also supported by the Audit Committee and Remuneration Committee.

The Board meets regularly and at least 10 times a year. Processes are in place to ensure that each Director is, at all times, provided with such information as is necessary for him/her to discharge his/her duties.

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31 JULY 2023

6. Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

The skills and experience of the Directors are summarised in their biographies set out below.

The Directors believe that the Board has the appropriate balance of diverse skills and experience in order to deliver on its core objectives. Training is available for each director as and when required to ensure skills are kept up to date.

Ronan Murphy, Executive Chairman (aged 44)

Ronan is an accomplished executive with over 20 years' experience in the tech industry. Ronan is a well- established cybersecurity innovator, and expert. As founder and Executive Chairman, Ronan has led the company since it started in 2011 to become a well-established European cybersecurity brand trusted by its clients.

Raluca Saceanu, Chief Executive Officer (aged 33)

Raluca is the CEO for Smarttech247. Raluca joined the Group in 2014 and she is responsible for the firm's strategy, solutions portfolio and international operations. Raluca is focused on operational excellence and works closely with all departments to drive customer relationships and overall company growth. She regularly advises clients on strategic security initiatives and is often cited in online and print media on topics such as risk, privacy and data security. Raluca holds a Master of Science degree from University of Innsbruck. Raluca was named Women in Tech Advocate by Deloitte in 2021.

Nicholas Lee – Finance Director (aged 61)

Nicholas has over 30 years of experience in international investment banking and working as a company director. He qualified as a chartered accountant with Coopers & Lybrand and has a degree in engineering from St John's College, Cambridge. He worked for Dresdner Kleinwort and its antecedent firms from 1988 to 2009, rising to Managing Director, Head of Banking, Hedge Fund Solutions Group. During this period, he advised leading companies from a number of different industries. Since then, he has been actively involved in AIM as a director of a number of listed companies.

Sarah Cope, Senior Independent Non-Executive Director (aged 50)

Sarah Cope, has over 24 years' experience as an investment banker in London, advising small and mid-sized companies at board level on corporate governance, strategy, amalgamations and disposals, capital markets and regulatory compliance. Previously, she has advised AIM listed companies as both Nominated Adviser and Broker, assisting publicly traded companies to raise finance for their growth strategies. Accordingly, she has experience of AIM regulations and compliance. Sarah is a Non-executive Director of AIM traded Eneraqua Technologies plc and Helium One Global Limited

Michael Connolly, Independent Non-Executive Director (aged 62)

Michael is currently Chief Information Officer for Ireland East Hospital Group (IEHG), having worked in ICT for over 30 years with Healthcare roles in Our Lady's Hospital in Crumlin and with Mater Misericordiae University Hospital. He has a PhD in Healthcare Informatics from UCD School of Medicine and undergraduate degrees from DCU. Michael has completed Lean Six Sigma Green belt and is registered as a Data Protection Officer. A Prince certified project manager with successful projects delivered in Cloud, Network, Data Centre, IT Security, Infrastructure design and Software solutions. Prior to working in Healthcare, Michael worked with Local Authorities and Leader groups. He also lectures on Healthcare Informatics and Clinical research post graduate programs in CD.

CORPORATE GOVERNANCE REPORT
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7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

The Chairman is responsible for ensuring an effective Board. The Group has established a formal process for evaluating the performance of the Board, the committees, and the individual Directors against their objectives to ensure that members of the Board provide a relevant and effective contribution. It is intended that this is initially implemented through individual meetings held with the Senior Independent Non-Executive Director who has wide experience of a number of corporate entities at which performance will be discussed and reviewed. Where any specific requirements are identified it may be appropriate to retain third party specialist advisers to assist the process.

8. Promote a corporate culture that is based on ethical values and behaviours

The Group promotes a culture of integrity, honesty, trust and respect and all employees of the Group are expected to operate in an ethical manner in all of their internal and external dealings.

The staff handbook and policies promote this culture and include such matters as whistleblowing, social media, anti-bribery and corruption, communication and general conduct of employees.

The Board takes responsibility for the promotion of ethical values and behaviours throughout the Group, and for ensuring that such values and behaviours guide the objectives and strategy of the Group.

9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

The Chairman leads the Board and is responsible for its governance structures, performance and effectiveness. The Non-Executive Directors are responsible for bringing independent and objective judgement to Board decisions. The CEO is the primary contact for the Company's Shareholders and responsible for ensuring that the link between the Board and the shareholders is strong and efficient. The Executive Directors are responsible for the operation of the business and delivering the strategic goals agreed by the Board.

The Board has adopted Terms of Reference, which have a clear and specific schedule of matters reserved for the Board, including corporate governance, strategy, major investments, financial reporting and internal controls.

The Board is supported by the Audit Committee and Remuneration Committee. From time to time, separate committees may be set up by the Board in order to consider and address specific issues, as and when they arise.

The Board intends to review the governance framework on an annual basis to ensure it remains effective and appropriate for the business going forward.

10. Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Group uses the following principal methods of communication with its Shareholders:

- the Annual Report and accounts;
- the interim and full-year results announcements;
- trading updates (where required or appropriate)
- the annual general meetings; and
- the Group's investor relations website (in particular, the "RNS News" and "AIM Rule 26" pages which will go live on Admission).

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31 JULY 2023

The Group's website is updated on a regular basis with information regarding the Group's activities and performance. The Group's reports, presentations, notices of annual general meetings, and results of voting at shareholder meetings will also be made available on the website.

Ronan Murphy

Chairman

26 January 2024

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SMARTTECH247 GROUP PLC
FOR THE YEAR ENDED 31 JULY 2023

Opinion

We have audited the financial statements of Smarttech247 Group plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 July 2023 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated and Parent Company Statements 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 and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 July 2023 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements 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 group and parent 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 directors' 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 group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- Reviewing the group's cashflow forecasts and budgets for the period to 31 July 2025. We discussed these forecasts with management and challenged the key assumptions, including performing a sensitivity analysis on plausible changes to the cashflow forecasts;
- Comparing the group's financial position and performance to date against the forecast to assess the accuracy of the forecasts and the opening balances included; and
- Reviewing management's going concern paper and ensuring the underlying key assumptions are consistent with the cashflow forecast, including testing the mathematical accuracy and appropriateness of the model used to prepare the cashflow forecast.

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TO THE MEMBERS OF SMARTTECH247 GROUP PLC
FOR THE YEAR ENDED 31 JULY 2023

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 group's or parent 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

The scope of our audit was influenced by our application of materiality. The quantitative and qualitative thresholds for materiality determine the scope of our audit and the nature, timing and extent of our audit procedures. We determined materiality for the financial statements to be:

Entity	Materiality (€'000)	Performance materiality (€'000)	Triviality threshold (€'000)
Group	243	170 (70%)	12 (5%)
Parent Company	56	39 (70%)	2 (5%)

The benchmark for determining group materiality was selected as 2% of revenue in the year. Revenue was deemed to be the most appropriate metric for group materiality as revenue growth and expansion is a key performance indicator.

The benchmark chosen for the parent company materiality was 1% of gross assets, as the parent company is not revenue generating, and the significant balances in the parent company financial statements are the investments in the trading subsidiaries.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures. 70% of materiality has been chosen, for both the group and parent company, as the threshold for performance materiality as the group operations are well established and centrally controlled from the group's head office in Ireland.

While materiality for the group financial statements as a whole was set at €243,000, each component of the group was audited to an overall materiality ranging between €51,000 and €242,000, with performance materiality set at 70%.

We applied the concept of materiality in planning and performing our audit and in evaluating the effects of misstatements.

Our approach to the audit

Our audit is risk based and is designed to focus our efforts on the areas at greatest risk of material misstatement, aspects subject to significant management judgement as well as greatest complexity, risk and size.

As part of designing our 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 judgement by the directors and considered future events that are inherently uncertain. These areas of estimation and judgement included:

- The carrying value of intangible assets;

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SMARTTECH247 GROUP PLC
FOR THE YEAR ENDED 31 JULY 2023

- The fair value of share based payment transactions in the year;
- The carrying value of the unlisted investments and subsidiary; and
- The treatment of the acquisition under common control.

We also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

A full scope audit was completed on the financial information of all of the group's significant components by PKF Littlejohn LLP, with the exception of Zefone Limited which was audited by component auditors in Ireland under our instruction. Smarttech z.o.o was identified to be material but not significant and as a result an audit of the material balances was carried out. Smart Systems Security Ltd was assessed to be neither material or significant and as a result, analytical procedures were performed on this entity.

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	How our scope addressed this matter
Accuracy and carrying value of intangible assets (Note 15)	
The group holds material intangible assets totalling €3.9m, comprising of internally generated software development and website costs. **The eligibility of capitalised costs is required to be assessed in accordance with the criteria set out in IAS 38.** **Judgement is required in order to determine when the capitalisation of development expenditure should cease, and amortisation commence, depending on when the product becomes commercially available.** **Intangible assets are required to be assessed annually for impairment. The estimation of future revenues in terms of value and timing is inherently subjective and as a result, this assessment of the recoverability of the carrying value has been deemed to be a key audit matter.**	Our work in this area included: • Substantive testing of a sample of capitalised expenditure to assess eligibility for capitalisation under IAS 38 by corroborating to original source documentation; • Confirming that the group holds good title to the relevant assets; • Making enquiries of management regarding future plans for each product including obtaining cashflow projections where necessary and assessing future cashflows; and • Considering whether there are indications of impairment in accordance with IAS 36 and reviewing management's assessment in respect of the carrying value, providing challenge thereon, including challenging any key assumptions used.

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Accounting for the acquisition of Zefone Limited (Note 2.6)	
During the year, the parent company completed the acquisition of Zefone Limited ("Zefone"). The acquisition consisted of a share for share exchange with the previous owners of Zefone and constituted a reverse takeover under the AIM Rules. **Management did not deem the transaction to be an accounting reverse takeover because the transaction was completed by entities under common control and therefore was considered to be a group re-organisation, and not within the scope of IFRS 2 'Share based Payments' or IFRS 3 'Business Combinations.'** **This is an accounting judgement and the treatment of a common control transaction has different options for management. There is a risk that the group re-organisation has not been accurately accounted for, including the share for share exchange between the entities, and that the disclosures in the financial statements are incomplete.**	Our work in this area included: • Reviewing the relevant sale and purchase agreement and management's paper on the acquisition to understand the key terms of the share-for-share exchange and the accounting treatment; • Ensuring that the transaction has been correctly disclosed within the financial statements, and any consolidation entries have been reflected appropriately; • Obtaining documentation to confirm the change in ownership; and • Reperforming the accounting entries in the parent company and group financial statements to ensure in accordance with the applicable accounting standards.

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 group and parent company 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.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SMARTTECH247 GROUP PLC
FOR THE YEAR ENDED 31 JULY 2023

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Other matter

The comparative figures as presented in the group financial statements are those of Zefone Limited as outlined in Note 2.6. These figures were not audited, and hence the corresponding figures presented within these financial statements are unaudited.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the group and parent company 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 group and parent company financial statements, the directors are responsible for assessing the group and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the 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.

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 group and parent company and the sector in which they operate 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 and our expertise in the sector.

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- We determined the principal laws and regulations relevant to the group and parent company in this regard to be those arising from the Companies Act 2006, UK adopted international accounting standards, the AIM Rules for Companies, as well as local laws and regulations in the jurisdictions in which the group operates.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group and parent company with those laws and regulations. These procedures included, but were not limited to:
    - Conducting enquiries of management regarding potential instances of non-compliance, including local management of the subsidiaries;
    - Reviewing RNS announcements;
    - Reviewing legal and professional fees ledger accounts; and
    - Reviewing board minutes and other correspondence from management.
- 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 areas which could include management bias are as identified above in the 'Our approach to the audit' section. We addressed these by challenging management's assumptions, agreeing to supporting documentation where available and reperforming calculations.
- 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.
- Compliance with laws and regulations at the subsidiary level was ensured through enquiry of management and review of correspondence, including at the subsidiary level, for any instances of non-compliance.

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 parent 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 parent 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.

Adam Humphreys (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor

15 Westferry Circus
Canary Wharf
London E14 4HD

26 January 2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 JULY 2023

	Note	2023 €'000	2022 €'000 Unaudited
Continuing operations			
Revenue	4	12,180	10,206
Cost of sales	5	(5,374)	(4,661)
Gross profit		6,806	5,545
Administrative expenses	6	(6,981)	(3,850)
Other operating income	7	478	61
Operating profit		303	1,756
Investment income	10	-	2
Other gains and losses	11	1	(8)
Finance costs	12	(100)	(216)
Profit before taxation		204	1,534
Income tax	13	(371)	(156)
Profit for the year from continuing operations		(167)	1,378
Total profit for the year attributable to equity holders of the parent			
Other comprehensive income		-	(1)
Total comprehensive profit for the year attributable to equity holders of the parent		(167)	1,377
Basic earnings per share – € cents	14	(0.1662)	1.5749

The accompanying notes on pages 41 and 75 form part of the Financial Statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 JULY 2023

GROUP	Note	2023 €'000	2022 €'000 Unaudited
Non-current assets			
Intangible assets	15	3,934	1,739
Property, plant and equipment	16	153	97
Right-of-use asset	21	331	64
Financial assets	17	1,162	1,161
Total non-current assets		5,580	3,061
Current assets			
Trade and other receivables	19	6,423	6,153
Cash and cash equivalents	20	6,062	2,358
Total current assets		12,485	8,511
TOTAL ASSETS		**18,065**	**11,572**
Equity attributable to owners of the parent			
Called up share capital	22	1,436	-
Share premium	22	6,365	-
Share based payment reserve	23	554	-
Other reserves	24	(1,215)	23
Foreign exchange reserve		34	34
Retained earnings		4,309	4,476
Total equity		11,483	4,533
Non-current liabilities			
Borrowings	26	-	2,342
Lease liability	21	260	4
Total non-current liabilities		260	2,346
Current liabilities			
Trade and other payables	27	6,231	4,629
Lease liability	21	91	64
Total current liabilities		6,322	4,693
Total liabilities		6,582	7,039
TOTAL EQUITY AND LIABILITIES		**18,065**	**11,572**

These Financial Statements were approved by the Board of Directors on 26 January 2024 and were signed on its behalf by:

Raluca Saceanu

Director

The accompanying notes on pages 41 and 75 form part of the Financial Statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 JULY 2023

Company number: 14385467

COMPANY	**Note**	**2023 €'000**
Non-current assets		
Investments	18	1,116
Total non-current assets		1,116
Current assets		
Intercompany receivable		3,166
Trade and other receivables	19	184
Cash and cash equivalents	20	2,949
Total current assets		6,299
TOTAL ASSETS		**7,415**
Equity attributable to owners of the parent		
Called up share capital	22	1,436
Share premium	22	6,365
Share based payment reserve	23	554
Foreign exchange reserve		22
Retained earnings		(1,016)
Total equity		7,361
Current liabilities		
Trade and other payables	27	54
Total current liabilities		54
Total liabilities		54
TOTAL EQUITY AND LIABILITIES		**7,415**

Under section 408 of the Companies Act 2006, the Company is exempt from the requirement to present its own income statement or statement of comprehensive income. The Company's loss for the year was €1,016K.

These Financial Statements were approved by the board of Directors on 26 January 2024 and were signed on its behalf by:

Raluca Saceanu

Director

The accompanying notes on pages 41 and 75 form part of the Financial Statements.

STATEMENT OF CASHFLOW
FOR THE YEAR ENDED 31 JULY 2023

GROUP	Notes	2023 €'000	2022 €'000 Unaudited
Cash flow from operating activities			
(Loss) / profit for the financial year		(167)	1,378
Adjustments for:			
Interest payable		64	1
Finance costs		36	215
Impact of foreign exchange		(9)	(270)
Taxation		371	156
Share based payments		554	-
IPO costs in shares		608	-
Depreciation and amortisation		549	228
Taxation paid		(148)	-
Fair value loss / (gain) on investments		(1)	8
Changes in working capital:			
Decrease / (increase) in trade and other receivables		(241)	(1,622)
(Decrease) / increase in trade and other payables		1,532	611
Net cash inflow from operating activities		3,148	705
Cash flow from investing activities			
Cash acquired on acquisition		7	13
Purchase of intangible fixed assets		(2,625)	(1,434)
Purchase of tangible fixed assets		(112)	(38)
Sale / (purchase) of financial assets		-	(2)
Net cash inflow / (outflow) from investing activities		(2,730)	(1,461)
Cash flows from financing activities			
Net proceeds from the issue of shares		3,373	-
Repayment of lease liabilities	21	(76)	(101)
Other finance costs		(7)	-
Net cash inflow from financing activities		3,290	(101)
Net increase / (decrease) in cash and cash equivalents		3,708	(857)
Cash and cash equivalents at beginning of period		2,358	3,215
Foreign exchange impact on cash		(4)	-
Cash and cash equivalents at the end of the period	20	6,062	2,358

STATEMENT OF CASHFLOW
FOR THE YEAR ENDED 31 JULY 2023

Significant non-cash transactions

The only significant non-cash transactions that are included in the cash flow were the issue of shares and share options as detailed in Notes 22 and 23.

The accompanying notes on pages 41 and 75 form part of the Financial Statements.

STATEMENT OF CASHFLOW
FOR THE YEAR ENDED 31 JULY 2023

COMPANY	Notes	2023 €'000
Cash flow from operating activities		
(Loss) / profit for the financial year		(1,016)
Adjustments for:		
Share based payments		450
IPO costs in shares		608
Changes in working capital:		
(Increase) / decrease in trade and other receivables		(521)
Increase / (decrease) in trade and other payables		55
Net cash outflow from operating activities		(424)
Cash flows from financing activities		
Net proceeds from the issue of shares		3,373
Net cash inflow from financing activities		3,373
Net increase / (decrease) in cash and cash equivalents		2,949
Cash and cash equivalents at beginning of period		-
Foreign exchange impact on cash		-
Cash and cash equivalents at the end of the period	20	2,949

Significant non-cash transactions

The only significant non-cash transactions that are included in the cash flow were the issue of shares and share options as detailed in Notes 22 and 23.

The accompanying notes on pages 41 and 75 form part of the Financial Statements.

STATEMENT OF CHANGE IN EQUITY
AS AT 31 JULY 2023

GROUP	Share Capital €'000	Share Premium €'000	SBP Reserve €'000	Merger Reserve €'000	Foreign Exchange Reserve €'000	Retained Earnings €'000	Total Equity €'000
At 1 August 2021	-	-	-	-	35	3,098	3,133
Profit for the year	-	-	-	-	-	1,378	1,378
Other comprehensive income	-	-	-	-	(1)	-	(1)
Total comprehensive income for the year	-	-	-	-	(1)	1,378	1,377
Acquisition of Smarttech Poland	-	-	-	23	-	-	23
Total transaction with owners	-	-	-	23	-	-	23
Balance at 31 July 2022 (unaudited)	-	-	-	23	34	4,476	4,533
Loss for the year	-	-	-	-	-	(167)	(167)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**(167)**	**(167)**
Capital reorganisation	1,012	-	-	(1,012)	-	-	-
Issue of shares to settle acquired CLN	159	2,577	-	-	-	-	2,736
Issue of shares	265	4,108	-	-	-	-	4,373
Acquisition of Smart Securities	-	-	-	(226)	-	-	(226)
Share based payments	-	-	554	-	-	-	554
Share issue costs	-	(320)	-	-	-	-	(320)
Total transaction with owners	1,436	6,365	554	(1,238)	-	-	7,117
Balance at 31 July 2023	1,436	6,365	554	(1,215)	34	4,309	11,483

The accompanying notes on pages 41 and 75 form part of the Financial Statements.

STATEMENT OF CHANGE IN EQUITY
AS AT 31 JULY 2023

COMPANY	Share Capital €'000	Share Premium €'000	SBP Reserve €'000	Foreign Exchange Reserve €'000	Retained Earnings €'000	Total Equity €'000
Loss for the year	-	-	-	-	(1,016)	(1,016)
Other comprehensive income	-	-	-	22	-	22
Total comprehensive income for the year	-	-	-	22	(1,016)	(994)
Issue of shares as part of capital reorganisation	1,012	-	-	-	-	1,012
Issue of shares to settle acquired CLN	159	2,577	-	-	-	2,736
Issue of shares	265	4,108	-	-	-	4,373
Share based payments	-	-	554	-	-	554
Share issue costs	-	(320)	-	-	-	(320)
Total transaction with owners	1,436	6,365	554	-	-	8,355
Balance at 31 July 2023	1,436	6,365	554	22	(1,016)	7,361

The accompanying notes on pages 41 and 75 form part of the Financial Statements.

NOTES TO THE FINANCIAL INFORMATION FOR THE YEAR ENDED 31 JULY 2023

1 GENERAL INFORMATION

Smartech247 Group plc ("Smartech247") is a public limited company incorporated and registered in England and Wales with its registered office at 165 Fleet Street, London, EC4A 2DY. The Company's registered number is 14385467. The Company has four direct and indirectly 100% owned subsidiaries, Zefone Limited incorporated and registered in Ireland, Smart Systems Security Limited, incorporated and registered in England and Wales, Smarttech 247 Cyber Security Sarl incorporated and registered in Romania and Smartech Sp z.o.o. incorporated and registered in Poland (together "the Group").

The Group's principal activities consist of providing Managed Detection and Response capabilities to global organisations, and associated services including penetration testing, governance risk and compliance and cyber consultancy.

The consolidated Financial Statements were approved for issue by the Board of Directors on 26 January 2024.

2 ACCOUNTING POLICIES

IAS 8 requires that management shall use its judgement in developing and applying accounting policies that result in information which is relevant to the economic decision-making needs of users, that are reliable, free from bias, prudent, complete and represent faithfully the financial position, financial performance and cash flows of the entity.

2.1 Basis of preparation

The financial statements for the period ended 31 July 2023 have been prepared in accordance with UK-adopted International Accounting Standards ('IFRS') and in accordance with the requirements of the Companies Act 2006 with the principal accounting policies applied in the preparation of the Financial Statements as set out below. These policies have been consistently applied to the period presented, unless otherwise stated.

On 18 November 2022, Smarttech247 Group plc which had never traded, acquired 100% of Zefone Limited. The Group has used merger accounting to account for this acquisition as there was no change in the shareholders or holdings, and therefore it is accounted for as a common control transaction with no change in the book values of assets and liabilities and no fair value accounting applied. No goodwill arises as a result. Consequently, FY2023 incorporates the full year results for Zefone Limited and its subsidiaries as well as the trading of the parent Company from incorporation on 29 September 2022 to 31 July 2023, prepared under IFRS. See Note 2.6 for further information.

The comparative financial information for the year ended 31 July 2022 has been derived from the unaudited IFRS financial information included in the Group's regulatory news service announcement of 4 April 2023. This comprises the results of Zefone Limited which is the Group's principal trading subsidiary and its other subsidiaries. Zefone Limited's Irish GAAP financial statements were audited during this period whilst any necessary IFRS adjustments made and the consolidation with its subsidiaries were subject to a formal review by Group's auditors.

The preparation of financial statements in conformity with UK IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts in the financial statements. The areas involving a higher degree of judgement or complexity, or areas where assumptions or estimates are significant to the Financial Statements, are disclosed in Note 2.23.

The principal accounting policies are set out below and have, unless otherwise stated, been applied consistently in the Financial Statements.

The consolidated financial statements are presented in Euros (€) unless otherwise stated, which is Zefone's functional currency and the Group and Company's presentational currency, and presented to the nearest €'000.

NOTES TO THE FINANCIAL INFORMATION FOR THE YEAR ENDED 31 JULY 2023

2.2 New standards, amendments and interpretations

The Group and Company have adopted all of the new and amended standards and interpretations issued by the International Accounting Standards Board that are relevant to its operations and effective for accounting periods commencing on or after 1 July 2021.

No Standards or Interpretations that came into effect for the first time for the financial year beginning 1 July 2021 have had an impact on the Group or Company.

2.3 New standards and interpretations not yet adopted

Standards and amendments to standards that have been issued that are applicable to the Group but are not effective for 2023 and have not been early adopted are:

Standard	Impact on initial application	Effective date
Annual Improvements	2018-2020 Cycle	1 January 2023
IFRS 17	Insurance Contracts	1 January 2023
IAS 1	Classification of liabilities as Current or Non-current	1 January 2023
IAS 8	Accounting estimates	1 January 2023
IAS 12	Deferred tax arising from a single transaction	1 January 2023
IFRS 16	Amendments to IFRS 16	1 January 2024
IAS 1	Amendments to IAS 1	1 January 2024

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.

The directors are evaluating the impact that these standards may have on the financial statements of Group.

2.4 Going concern

Management has prepared the Financial Statements on a going concern basis. The Directors are satisfied that adequate resources are held by the Group, taking into consideration the successful AIM listing, and associated fundraise, during the year, and consequently they have no reason to believe that any material uncertainty exists that would cast a doubt about the ability of the Group and Company to continue as a going concern.

In making this judgement management considered the Group's budgets and cash flow forecasts for a period of at least twelve months from the date of approval of the financial information and the level of existing cash resources which demonstrates that the Group will be in a position to meet its liabilities as they fall due.

The Group and Company have therefore adopted the going concern basis in preparing the Financial Statements.

2.5 Basis of consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated.

NOTES TO THE FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 JULY 2023

The Group has used merger accounting as described in more detail below in note 2.6 for the combination of Smarttech247 Group plc and its direct and indirectly held subsidiaries.

2.6 Merger accounting

The Company was incorporated on 29 September 2022 with one £0.01 ordinary share and on 18 November 2022, became the parent company of the Group when it issued 87,499,999 £0.01 ordinary shares in exchange for 100% of the ordinary shares in Zefone Limited as part of a share for share exchange.

This transaction is not considered to be a business combination within the scope of IFRS3 as the transaction was between entities under common control. This is a key judgement, and as a transaction where there was no change in the shareholders or holdings, is accordingly accounted for using merger accounting with no change in the book values of assets and liabilities and no fair value accounting applied.

As permitted, the Group has applied 'predecessor' accounting and although the consolidated financial statements have been issued in the name of Smarttech247 Group plc, the legal parent, it represents a continuation of the financial information of the legal subsidiary. As such, the comparative information presented for the year ended 31 July 2022 is that of the Company's subsidiary which has been derived from the unaudited IFRS financial information included in the Group's regulatory news service announcement of 4 April 2023.

Further information on the transaction is included in Note 24.

Merger accounting was applied in relation to the acquisition of Smart Systems Security Limited andSmarttech247 so. z o.o. These transactions have not been presented as a continuation of trade and the subsidiary's net assets and trading results have been included in the consolidation at their book value from the date of acquisition.

2.7 Foreign currency translation

(i) Functional and presentation currency

Items included in the financial information for each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial information is presented in € Euro, which is the Group's presentation and functional currency. The individual financial statements of each of the Company's wholly owned subsidiaries are prepared in the currency of the primary economic environment in which it operates (its functional currency). IAS 21 The Effects of Changes in Foreign Exchange Rates requires that assets and liabilities be translated using the exchange rate at period end, and income, expenses and cash flow items are translated using the rate that approximates the exchange rates at the dates of the transactions (i.e. the average rate for the period). The foreign exchange differences on translation is recognised in other comprehensive income (loss).

(ii) Transactions and balances

Transactions denominated in a foreign currency are translated into the functional currency at the exchange rate at the date of the transaction. Assets and liabilities in foreign currencies are translated to the functional currency at rates of exchange ruling at statement of financial position date. Gains or losses arising from settlement of transactions and from translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income for the period.

(iii) Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of the statement of financial position;

NOTES TO THE FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 JULY 2023

- income and expenses for each statement of comprehensive income are translated at the average exchange rate; and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to shareholders' equity. When a foreign operation is partially disposed or sold, exchange differences that were recorded in equity are recognised in the statement of comprehensive income as part of the gain or loss on sale.

2.8 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Board of Directors.

2.9 Impairment of non-financial assets

Non-financial assets and intangible assets not subject to amortisation are tested annually for impairment at each reporting date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment review is based on discounted future cash flows. If the expected discounted future cash flow from the use of the assets and their eventual disposal is less than the carrying amount of the assets, an impairment loss is recognised in profit or loss and not subsequently reversed.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash flows (cash generating units or 'CGUs').

2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, and demand deposits with banks and other financial institutions and bank overdrafts.

2.11 Fair value measurement

Fair value measurement IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The resulting calculations under IFRS 13 affected the principles that the Company uses to assess the fair value, but the assessment of fair value under IFRS 13 has not materially changed the fair values recognised or disclosed. Further information is set out at Note 2.12 (c).

IFRS 13 mainly impacts the disclosures of the Company. It requires specific disclosures about fair value measurements and disclosures of fair values, some of which replace existing disclosure requirements in other standards.

2.12 Financial instruments

IFRS 9 requires an entity to address the classification, measurement and recognition of financial assets and liabilities.

a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured at amortised cost;
- At fair value through profit or loss.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

NOTES TO THE FINANCIAL INFORMATION FOR THE YEAR ENDED 31 JULY 2023

The Group classifies financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise to cash flows that are solely payment of principal and interest.

b) Recognition

Purchases and sales of financial assets are recognised on trade date (that is, the date on which the Group commits to purchase or sell the asset). Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset.

Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments

Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of comprehensive income.

Financial investments

Listed investments are valued at closing bid price on 31 July of each year. Unlisted investments that are not publicly traded and whose fair value cannot be measured reliably, are measured at fair value through profit and loss. For details of the key assumptions used and the impact of changes to these assumptions, see note 17.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Financial Statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

d) Impairment

The Group assesses, on a forward looking basis, the expected credit losses associated with any debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

In response to increased risk of credit losses due to Covid, the Group has included the following procedures:

- Performing credit checks on existing, new or prospective customers
- Maintaining regular dialogue with senior staff of existing customers to discuss payments of invoices

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Group's most significant clients are public or regulated industry entities which generally have high credit ratings or are of a high credit quality due to the nature of the client.

Expected credit losses are assessed on an individual customer basis, based on the historical payment profiles of the customers, the current and historic relationship with the customer, and the industry in which the customer operates. There have been no impairments of trade receivables in the periods.

2.13 Leases

Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Group under residual value guarantees;
- The exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain

NOTES TO THE FINANCIAL INFORMATION FOR THE YEAR ENDED 31 JULY 2023

an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. In all instances the leases were discounted using the incremental borrowing rate.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period. Right-of-use assets are measured at cost which comprises the following:

- The amount of the initial measurement of the lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases (term less than 12 months) and all leases of low-value assets (generally less than €5k) are recognised on a straight-line basis as an expense in profit or loss.

2.14 Equity

Share capital is determined using the nominal value of shares that have been issued.

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

Retained losses includes all current and prior period results as disclosed in the statement of comprehensive income.

2.15 Share based payments

The Group has made awards of warrants and options on its unissued share capital to certain parties in return for services provided to the Group. Under IFRS 2, these share based payments are either valued at the value of the services provided or where this data is not available a fair value should be calculated using the Black Scholes Option Pricing model and/or the Monte Carlo valuation model which is how they have been valued in this case The valuation of these warrants and options involve making a number of critical estimates relating to price volatility, future dividend yields, expected life of the options and interest rates. These assumptions have been integrated into the Black Scholes Option Pricing model and the Monte Carlo valuation model to derive a value for these share-based payments. These assumptions are described in more detail in Note 23.

2.16 Revenue

Under IFRS 15, Revenue from Contracts with Customers, five key points to recognise revenue have been assessed:

Step 1: Identify the contract(s) with a customer;

Step 2: Identify the performance obligations in the contract;

Step 3: Determine the transaction price;

Step 4: Allocate the transaction price to the performance obligations in the contract; and

Step 5: Recognise revenue when (or as) a Group entity satisfies a performance obligation.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group, and specific criteria have been met for each of the Group's activities, as described below.

NOTES TO THE FINANCIAL INFORMATION FOR THE YEAR ENDED 31 JULY 2023

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

The Group bases its estimates on all available information including historical results and experience taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Where the Group makes sales relating to a future financial period, these are deferred and recognised under 'accrued expenses and deferred income' in the Statement of Financial Position.

The Group derives revenue from the provision of managed detection and response and other cyber security services, whereby revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

In arrangements where fees are invoiced ahead of revenue being recognised, deferred income is recorded.

2.17 Government grants

Capital grants received and receivable are treated as deferred income and amortised to the Income Statement annually over the useful economic life of the asset to which it relates. Revenue grants are credited to the Income Statement when received.

2.18 Taxation

The taxation expense for the year comprises current and deferred tax and 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 which case the tax expense is also recognised in other comprehensive income or directly in equity.

Current tax represents the amount expected to be paid or recovered in respect of taxable profits for the financial year and is calculated using the tax rates and laws that have been enacted or substantially enacted at the Statement of Financial Position date.

Deferred tax arises from timing differences that are differences between the taxable profits and total comprehensive income as stated in the financial statements. The timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is proved in full on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statement. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised of the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Current or deferred taxation assets and liabilities are not discounted.

2.19 Property, plant and equipment

Property, plant and equipment are recorded at historical cost or deemed cost, less accumulated depreciation and impairment losses.

NOTES TO THE FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 JULY 2023

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their estimated useful lives as follows:

Plant and machinery	-	12.5% straight line
Fixtures and fittings	-	12.5% straight line

The Group's policy is to review the remaining useful economic lives and residual values of property, plant and equipment on an on-going basis and to adjust the depreciation charge to reflect the remaining estimated useful economic useful life and residual value.

Fully depreciated property, plant and equipment are retained in the cost of property, plant & equipment and related accumulated depreciation until they are removed from service. In the case of disposals, assets and related depreciation are removed from the financial statements and the net amounts, less proceeds from disposal, is charges or credited to the income statement.

2.20 Intangible assets

Intangible asset impairment reviews are undertaken annually, or more frequently if events or changes in circumstances indicate a potential impairment. The method and useful lives of finite life intangible assets, or assets not yet available for use, are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Research and development expenditure

Development expenditure is written off in the same period unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is capitalised and amortised over the period from which the Group is expected to benefit.

Amortisation is provided on all intangible assets so as to write off the cost of an asset over its estimated useful life as follows:

Development costs	-	20-33.3% straight line

Software license

Software licenses are valued at cost less accumulated amortisation

Website and software licenses	-	33.3% straight line or over the term of the licence

2.21 Convertible loan notes, borrowings and borrowing costs

Convertible loan notes are assessed for whether they are a compound financial instrument. In the current year, the convertible loan notes were classified as financial liabilities and recognised initially at fair value, net of transaction costs. After initial recognition, loans are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are capitalised as a prepayment for liquidity services and amortised over the period of the loan to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability or at least 12 months after the end of the reporting period.

Further details on the convertible loan notes and borrowings are set out in Note 26.

2.22 Employee benefits

Short-term benefits

Short-term benefits, including holiday pay and other similar non-monetary benefits are recognised as an expense in the period in which the employee's entitlement to the benefit accrues.

Defined contribution pension plan

NOTES TO THE FINANCIAL INFORMATION FOR THE YEAR ENDED 31 JULY 2023

The Group makes contribution to a defined contribution plan. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate fund. Under defined contribution plans, the Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee services in the current and prior periods.

For defined contribution plans, the Group pays contributions to privately administered pension plans on a contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction in the future payments is available.

2.23 Non-current investments

Investments made in subsidiaries by the Company are carried at the cost of investment less any provision for impairment within the Company's balance sheet. The carrying values are reviewed at each period end to determine whether there is any indication that these investments have suffered an impairment loss.

2.24 Critical accounting judgements and key sources of estimation uncertainty

The preparation of these Financial Statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

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

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Basis of acquisition accounting

The Group has applied the merger accounting method to account for the acquisitions within the Group. With this method, assets and liabilities of the acquired entity are recognised at their book value and any difference between the consideration paid and net assets is recognised in the merger reserve. Merger accounting has been applied as the entities are considered to be commonly controlled which is a key judgement in the preparation of the Financial Statements.

Establishing useful economic lives for depreciation purposes of property, plant and equipment

Long-lived assets, consisting primarily of property, plant and equipment, comprise a significant portion of the total assets. The annual depreciation charge depends primarily on the estimated useful economic lives of each type of asset and estimates of residual values. The directors regularly review these asset useful economic lives and change them as necessary to reflect current thinking on remaining lives in light of prospective economic utilisation and physical condition of the assets concerned. Changes in asset useful lives can have a significant impact on depreciation and amortisation charges for the period. Detail of the useful economic lives is included in the accounting policies.

Providing for doubtful debts

The Group makes an estimate of the recoverable value of trade and other receivables. The Group uses estimates based on historical experience in determining the level of debts, which the Company believes, will not be collected. These estimates include such factors as the current credit rating of the debtor, the ageing profile of receivables and historical experience. Any significant reduction in the level of customers that default on payments or other significant improvements that resulted in a reduction in the level of bad debt provision would have a positive impact on the operating results. The level of provision required is reviewed on an ongoing basis.

Amortisation of Intangible Assets

The annual amortisation of intangible assets depends primarily on the estimated useful lives of assets and estimates of residual value. The directors regular review these assets useful lives and change them as necessary to reflect current thinking on remaining lives in light of prospective economic utilisation. Changes in asset useful lives can have a significant impact on amortisation charges for the period. Detail of the useful life is included in the accounting policy.

Carrying Value of Intangible Assets

In determining whether impairment of the Group's intangible assets is required, the factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. The Directors are satisfied that the carrying value of the Group's intangible assets are at least equal to their recoverable amounts.

Valuation of unlisted investments

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The company uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. For details of the key assumptions used and the impact of changes to these assumptions, see Note 17.

Share based payments

The Group has made awards of warrants and options on its unissued share capital to certain parties in return for services provided to the Group. Under IFRS 2, these share based payments are either valued at the value of the services provided or where this data is not available a fair value should be estimated using a model such as the Black Scholes Option Pricing model and/or the Monte Carlo valuation model which is how they have been valued in this case The valuation of these warrants and options involve making a number of critical estimates relating to price volatility, future dividend yields, expected life of the options and interest rates. These assumptions have been integrated into the Black Scholes Option Pricing model and the Monte Carlo valuation model to derive a value for these share-based payments. These assumptions are described in more detail in Note 23.

3. SEGMENT REPORTING

The following information is given about the Group’s reportable segments:

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

The Board considers that during the years ended 31 July 2022 and 31 July 2023 the Group operated in the single business segment of Managed Detection and Response capabilities to global organisations.

4. REVENUE

	2023 **€,000**	**2022** **€,000**
Revenue	12,180	10,206

NOTES TO THE FINANCIAL INFORMATION FOR THE YEAR ENDED 31 JULY 2023

The vast majority of the Group's revenue is recognised in the Republic of Ireland and is derived from the principal activity of providing Managed Detection and Response capabilities to global organisation, and associated services including penetration testing, governance risk and compliance and cyber consultancy.

The Group recognises revenue both at the point of sale and over time. The following table sets out the amount of revenue that is recognised at a point in time and the revenue that is recognised over time.

	2023 €'000	2022 €'000
Revenue recognised at a point in time	5,720	5,908
Revenue recognised over time	6,460	4,298
	12,180	10,206

In 2023, the Group had two customers that represented 37% of total revenue. In 2022, the Group had one customer that represented 31% of total revenue.

5. COST OF SALES

	2023 €'000	2022 €'000
Cost sales – purchases	5,374	4,622
Cost sales – direct costs	-	39
	5,374	4,661

6. ADMINISTRATIVE EXPENSES

	2023 €'000	2022 €'000
Wages and salaries (including directors)	3,186	3,154
Consultancy and professional fees	395	286
Overhead expenses	924	322
Amortisation of intangible fixed assets	430	113
Depreciation of right-of-use assets	63	80
Depreciation of tangible fixed assets	56	35
IPO related costs	977	-
CLN settlement costs	315	-
Share based payments	554	-
(Profit)/loss on foreign currencies	(9)	(272)
Other expenses	90	132
	6,981	3,850

NOTES TO THE FINANCIAL INFORMATION FOR THE YEAR ENDED 31 JULY 2023

Included above within Administrative Expenses are certain costs that principally relate to IPO costs, the issue of share options/warrants and the CLN settlement costs, as follows:

	2023 €'000	2022 €'000
IPO related costs	977	-
Share based payments	554	-
CLN settlement costs	315	-
Total	1,846	-
Operating profit	303	1,756
Adjusted operating profit	2,149	1,756
Add back depreciation and amortisation	549	228
Adjusted EBITDA	2,698	1,984

The following auditors' fees are included in Administrative Expenses:

	2023 €'000	2022 €'000
Audit of Group and Company	50	-
For audit work in relation to subsidiary companies	25	-
For audit related services	33	-
For non-audit services	85	-
Total	193	-

7. OTHER OPERATING INCOME

	2023 €'000	2022 €'000
Government grant income	478	61
	478	61

During the year, the Group received:

(i) Market Discovery Fund grant of €34,900 from Enterprise Ireland (2022: €nil).

(ii) GradStart grant of €28,327 from Enterprise Ireland (2022: €nil).

(iii) Research and Development grant of €414,572 from Enterprise Ireland (2022: €14,500).

(iv) R&D tax rebate of €nil (2022: €46,187).

8. EMPLOYEES

Staff costs (inclusive of director's salaries) comprise:

NOTES TO THE FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 JULY 2023

	2023 €'000	2022 €'000
Wages and salaries	2,838	2,952
Pension costs	75	13
Share based payments	443	-
Other costs and taxes	272	189
	3,628	3,154

The average monthly number of employees, including the Directors, during the year was 135 (2022: 67)

9. DIRECTORS' REMUNERATION

	2023 €'000	2022 €'000
Directors' remuneration	313	132
Pension costs	18	10
Share based payments	296	-
Other costs and taxes	11	-
	638	142

During the year retirement benefits accruing to Directors were €nil (2022: €nil) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of €157K (2022: €132K).

During the year, R Saceanu received an additional €32K from Zefone Limited, although she was not a director of that company.

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to €14K (2022: €10K).

10. INCOME FROM INVESTMENTS

	2023 €'000	2022 €'000
Investment income – dividends received	-	2
	-	2

11. OTHER GAINS AND LOSSES

	2023 €'000	2022 €'000
Unrealised (loss) / gain on investments in shares	1	(8)
	1	(8)

NOTES TO THE FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 JULY 2023

12. FINANCE COSTS

	2023 €'000	2022 €'000
Interest	64	205
Lease liability finance charges (Note 21)	29	11
Other finance costs	7	-
	100	216

13. TAXATION

	2023 €'000	2022 €'000
The charge for year is made up as follows:		
Corporation tax		
Corporation taxation on the results for the year	371	156
	371	156
Deferred tax		
Deferred tax	-	-
	-	-
Taxation charge on profits on ordinary activities	371	156

In the previous period to 31 Jul 2022, prior to 1 April 2022, the main rate of UK corporation tax was 19%. The headline rate of UK corporation tax for the year ended 31 July 2023 is 25%, however, within the onset of the UK's marginal Relief Rules from 1 April 2023. This rate applies broadly where a company has augmented profits in excess of £250K.

NOTES TO THE FINANCIAL INFORMATION FOR THE YEAR ENDED 31 JULY 2023

Factors affecting tax change for the year

	2023 €'000	**2022 €'000**
Profit on ordinary activities before tax	204	1,534
Tax calculated at domestic tax rates applicable to profits in the respective countries	37	191
Effects of:		
Expenses not deductible for tax purposes	365	-
Group relief surrendered/(claimed)	(3)	-
Foreign tax - other	3	-
Remeasurement of deferred tax for changes in tax rate	(2)	
Adjustments in respect of prior year	30	1
Difference in overseas tax rates	(109)	-
Other movements	50	(38)
Income tax on medical insurances	-	4
Taxation charge on profits on ordinary activities	371	156

The weighted average applicable tax rate was 18% (*2021: 12%*). The increase is caused by the change in group structure and introduction of the loss making parent company and subsidiaries.

14. EARNINGS PER SHARE

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

	2023	**2022**
(Loss) / profit for the year from continuing operations – €	(167,000)	1,378,000
Weighted number of ordinary shares in issue	100,500,026	87,500,000
Basic earnings per share from continuing operations – € cents	(0.1662)	1.5749

The weighted average number of ordinary shares in issue for the prior year has been used as the total number of shares swapped for the purchase of Zefone Limited as if those shares were in issue during the prior year. No diluted earnings per share is calculated in 2022 as it is assumed that there were no dilutive instruments.

NOTES TO THE FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 JULY 2023

15. INTANGIBLE ASSETS

Group	Website & software licenses €'000	Development costs €'000	Total €'000
Cost			
At 1 August 2021	947	377	1,324
Additions	280	1,156	1,436
At 31 July 2022	1,227	1,533	2,760
Additions	-	2,625	2,625
At 31 July 2023	1,227	4,158	5,385
Amortisation			
At 31 July 2021	805	103	908
Charge for the year	107	6	113
At 31 July 2022	912	109	1,021
Charge for the year	241	189	430
At 31 July 2023	1,153	298	1,451
Net book value			
31 July 2022	315	1,333	1,739
31 July 2023	**74**	**3,860**	**3,934**

The Directors have considered the carrying value of these balances in order to determine whether any impairment of the Group's intangible assets is required. This has included considering the economic viability and expected future financial performance of the products relating to these assets by modelling the expected net future cash flows expected to be generated. The Directors are satisfied that the carrying value of the Group's intangible assets are at least equal to their recoverable amounts.

NOTES TO THE FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 JULY 2023

16. PROPERTY, PLANT AND EQUIPMENT

Group	Plant & machinery €'000	Fixtures & fittings €'000	Total €'000
Cost			
At 1 August 2021	27	164	191
Additions	8	30	38
Disposals	-	-	-
At 31 July 2022	35	194	229
Additions	20	92	112
At 31 July 2023	55	286	341
Depreciation			
At 1 August 2021	13	84	97
Charge for the year	13	22	35
At 31 July 2022	26	106	132
Charge for the year	11	45	56
At 31 July 2023	37	151	188
Net book value			
At 31 July 2022	9	88	97
At 31 July 2023	**18**	**135**	**153**

17. FINANCIAL FIXED ASSETS

Group	Level 3- Unlisted investments €'000	Level 1- Listed investments €'000	Total €'000
Investment			
Cost of valuation			
At 1 August 2021	1,039	130	1,169
Additions	-	-	-
Revaluations	-	(8)	(8)
At 31 July 2022	1,039	122	1,161
Additions	-	-	-
Revaluations	-	1	1
At 31 July 2023	-	123	123
Carrying amount			
At 31 July 2022	1,039	122	1,161
At 31 July 2023	**1,039**	**123**	**1,162**

NOTES TO THE FINANCIAL INFORMATION FOR THE YEAR ENDED 31 JULY 2023

IFRS 13 valuation hierarchy:

Level 1 represents those assets, which are measured using unadjusted quoted prices for identical assets.

Level 2 applies inputs other than quoted prices that are observable for the assets either directly (as prices) or indirectly (derived from prices).

Level 3 applies inputs, which are not based on observable market data.

Unlisted investments comprise the investment in Visibility Blockchain Limited of 35,940 B Preference Shares. These shares do not give rights to receive notice of any general meeting of Visibility Blockchain Limited, or to attend or vote on any resolution at a general meeting. Unlisted investments are valued using level 3 inputs under the IFRS 13 Fair Value Hierarchy. These include the value at which the most recent funding round involving third party investors took place where over €10 million in new equity was raised, together with management's view of the likely proceeds from the sale of this company based on indications received to date and growth in revenue. As a result of the above analysis, the revaluation during the year is €nil (2022: €nil).

Listed investments relate to a portfolio investment comprising of various equities, bonds and alternative financial instruments. These are valued using the share price at each reporting date, which is a level 1 input under the IFRS 13 Fair Value Hierarchy.

18. INVESTMENTS

Company	**2023 €000**
Acquisition of Zefone Limited	1,012
Further investments in subsidiaries	104
	1,116

Company subsidiary undertakings

The Group includes interests in the following subsidiary undertakings, which are included in the consolidated financial statements. Zefone Limited is owned directly by the Company whilst the other companies are owned indirectly through Zefone Limited.

Name	Business Activity	Country of Incorporation	Registered Address	Percentage Holding
Zefone Limited	Provision of cybersecurity products and services	Ireland	Unit 17A, Building 4700 Cork Airport Business Park, Cork	100%
Smart Systems Security Limited	Provision of cybersecurity products and services	England and Wales	85 Great Portland Street, London W1W 7LT	100%

NOTES TO THE FINANCIAL INFORMATION
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Smartech 247 sp. z.o.o.	Provision of cybersecurity products and services	Poland	Krakovie Przy ul., Podole 60, 30-394 Krakov	100%
Smartech247 Cyber Security SRL	Provision of cybersecurity products and services	Romania	Bd Iancu de Hunedoara 54 B, Etaj 2, Bucuresti – Sectorul 1	99%

19. TRADE AND OTHER RECEIVABLES

Group	2023 €'000	2022 €'000
Trade receivables	5,194	5,237
Accrued revenue	53	54
Tax and other receivables	278	517
Director's current account	57	53
Prepayments	841	292
	6,423	6,153

Company	2023 €'000
Other receivables	167
Prepayments	17
	184

Other receivables principally comprise amounts due from the EBT and other tax recoverable.

In terms of trade receivables, the majority of the amounts receivable are in Euros and USD, and are current in terms of age profile with the majority of the balance having now been received post year end.

	2023 €'000	2022 €'000
Due in less than 30 days	2,103	3,266
Due between 30 and 60	2,333	970
Due between 60 and 90 days	341	527
Over 90 days	417	474
	5,194	5,237

NOTES TO THE FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 JULY 2023

Further details with regard to the Directors current account are set out in Note 32.

	2023 €'000	2022 €'000
Currency of receivables		
Euro	1,726	1.869
USD	3,340	2,787
GBP	128	581
	5,194	5,237

20. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand and short term deposits held with banks with a A-1+ rating. The carrying value of these approximates to their fair value. Cash and cash equivalents included in the cash flow statement comprise the following statement of financial position amounts.

Group	**2023 €'000**	**2022 €'000**
Cash and cash equivalents	6,062	2,358
	6,062	2,358

Company	**2023 €'000**
Cash and cash equivalents	2,949
	2,949

The table below shows the currency profiles of cash and cash equivalents:

Group	**2023 €'000**	**2022 €'000**
Euro	289	778
USD	2,714	1,440
GBP	3,002	113
Polish Zloty	49	13
Romanian Leu	8	14
	6,062	2,358

NOTES TO THE FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 JULY 2023

Company	**2023 €'000**
GBP	2,949
	2,949

21. LEASES

The Group had the following right of use assets and lease liabilities:

Group	**2023 €'000**	**2022 €'000**
Right-of-use assets		
Properties	331	64
	331	64
Lease liabilities		
Current	91	64
Non-current	260	4
	351	68

	2023 €'000	**2022 €'000**
Maturity on the lease liabilities are as follows:		
Current	91	64
Due between 1-2 years	68	4
Due between 2-5 years	105	-
Due beyond 5 years	87	-
	351	68

NOTES TO THE FINANCIAL INFORMATION FOR THE YEAR ENDED 31 JULY 2023

Right of use assets

A reconciliation of the carrying amount of the right-of-use asset is as follows:

	2023 €'000	**2022 €'000**
Properties		
Opening balance	64	43
Additions on acquisition of subsidiary	-	5
Additions	330	96
Depreciation	(63)	(80)
	331	64

Lease liabilities

A reconciliation of the carrying amount of the lease liabilities is as follows:

	2023 €'000	**2022 €'000**
Opening balance	68	58
Additions on acquisition of subsidiary	-	4
Additions	330	96
Payment made	(76)	(101)
Finance charge (Note 12)	29	11
	351	68

The Group leases captured under IFRS 16 relate predominant to the office premises in both Ireland and Romania, with an office lease in Poland coming to an end in 2023, which was extended on a short-term basis.

The Group also incurred the following expenses during the year of €nil (2022: €nil) which related to leases that were either short term in nature (12 months of less) or of low value in nature, thus being excluded from treatment under IFRS 16: Leases.

NOTES TO THE FINANCIAL INFORMATION FOR THE YEAR ENDED 31 JULY 2023

22. SHARE CAPITAL

	Number of £0.01 shares	Share Capital €'000	Share premium €'000
One £0.01 share issued on incorporation	1	-	-
Shares issued on exchange for Zefone Limited shares [1]	87,499,999	1,012	-
Shares issued on conversion of convertible loan note at £0.1732 [2]	13,646,441	158	2,577
Shares subscribed for by EBT [3]	10,546,713	122	-
Placing shares issued at £0.2966	12,385,828	144	4,108
Share issue costs	-	-	(320)
	124,078,982	1,436	6,365

[1] The issue of shares with a nominal value of €1,012,000 (£875,000) in exchange for the 2 £1 shares in Zefone Limited with a nominal value of £2 results on elimination of the difference in a credit to a merger reserve (within other reserves) of €1,012,000 (£875,000) in accordance with the merger accounting principles as set out in note 2.

[2] The issue price for the issue of shares to convert the convertible loan notes was based on the conversion terms which specified a particular valuation at which the conversion should take place. The liability to be settled amounted to €2,683,562 and the number of shares issued amounted to 13,646,441 which therefore gave an effective issue price of £0.1732.

[3] During the period, the Company established an Employee Benefit Trust ("EBT") and issued 10,546,713 shares to the EBT at nominal value. The subscription of these shares was funded through a loan provided by the Group to the EBT.

During the period certain costs associated with the IPO amounting to €868K were also settled by the issue of new shares, of which €260k was included in share issue costs.

The number of shares authorised to be issued at the time of Admission was 66.8 million, although this authority has now lapsed, and a new authority will be put in place at the Company's next AGM.

23. SHARE BASED PAYMENT RESERVE

	2023 €'000	2022 €'000
Advisor warrants issued [1]	107	-
Employee options issued [2, 3]	447	-
	554	-

[1] On 15 December 2023, 863,115 warrants were issued to advisors and have been fair valued in accordance with IFRS 2. The warrants have an exercise price of £0.2966 and a time to expiry of 4 years from grant.

[2] On 30 November 2022, 4,541,290 employee options were granted under the Group's LTIP. These options

NOTES TO THE FINANCIAL INFORMATION FOR THE YEAR ENDED 31 JULY 2023

have different vesting conditions based on performance milestones that can be viewed below.

[3] On 28 April 2023 and 23 May 2023 2,425,291 and 177,195 employee options were granted under the Group's LTIP. These options have different vesting conditions based on performance milestones as outlined below.

Share based payments valuation

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

Warrants

Grant date	Number	Share price £	Exercise price £	Volatility %	RF Rate %	Technique
15 Dec 2022	863,115	0.2966	0.2966	41.0	3.00	Black Scholes

Options

On 30 November 2022, 28 April 2023 and 23 May 2023 4,541,290, 1,446,735 and 147,589 employee options were granted under the Group's LTIP respectively. The option vesting details are listed below:

Vesting Event	Trigger for Vesting	Number of options vested on date of vesting
1	- First anniversary date of the date of Admission	50%
2	- Second anniversary date of date of Admission; and - The date if any on which the placing price has increased by 200%	25%
3	- Third anniversary date of date of Admission; and - The date if any on which the placing price has increased by 200%	25%

On 28 April 2023 and 23 May 2023 978,556 and 29,606 employee options were granted under the Group's LTIP respectively. The option vesting details are listed below:

Vesting Event	Trigger for Vesting	Number of options vested on date of vesting
1	- First anniversary date of the date of Admission	50%
2	- Second anniversary date of date of Admission; and - The date if any on which the placing price has increased by 200%	50%

All of the options issued subject to vesting condition 1 were valued using the Black Scholes methodology, whilst the options issued subject to vesting conditions 2 and 3 were value using the Monte Carlo technique. Additionally, a non-marketable discount rate of 7.94% has been applied across all of the employee warrants when calculating their value.

NOTES TO THE FINANCIAL INFORMATION FOR THE YEAR ENDED 31 JULY 2023

Vesting Condition 1

Grant date	Number	Share price £	Exercise price £	Volatility %	RF Rate %	Technique
30 Nov 2022	2,270,645	0.2966	0.2966	48.5	3.24	Black Scholes
28 Apr 2023	1,212,645	0.3600	0.2966	48.6	3.72	Black Scholes
23 May 2023	88,597	0.3600	0.2966	48.6	4.38	Black Scholes

Vesting Condition 2

Grant date	Number	Share price £	Exercise price £	Volatility %	RF Rate %	Technique
30 Nov 2022	1,135,323	0.2966	0.2966	48.5	3.24	Monte Carlo
28 Apr 2023	850,962	0.3600	0.2966	48.6	3.72	Monte Carlo
23 May 2023	51,700	0.3600	0.2966	48.6	4.38	Monte Carlo

Vesting Condition 3

Grant date	Number	Share price £	Exercise price £	Volatility %	RF Rate %	Technique
30 Nov 2022	1,135,323	0.2966	0.2966	48.5	3.24	Monte Carlo
28 Apr 2023	361,684	0.3600	0.2966	48.6	3.80	Monte Carlo
23 May 2023	36,897	0.3600	0.2966	48.6	4.38	Monte Carlo

The number and average exercise price of share options and warrants as follows:

	2023	
	Weighted average exercise price	**Number of options/ warrants**
Granted during the year (options)	£0.2966	863,115
Granted during the year (warrants)	£0.2966	7,143,776
Outstanding at the end of the year	£0.2966	8,006,891
Exercisable at the end of the year	£0.2966	863,115

NOTES TO THE FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 JULY 2023

Share options and warrants outstanding at 31 July 2023 had a weighted average exercise price of £0.2966 and a weighted average contractual life of 3.48 years. To date no share options and warrants have been exercised.

There are no market based vesting conditions attaching to any of the warrants.

24. MERGER RESERVE

	2023 €'000	2022 €'000
Merger reserve	(1,215)	23
	(1,215)	23

As referred to in Note 2, on 18 November 2022, the Company became the parent company of the Group when it issued 87,499,999 £0.01 ordinary shares in exchange for 100% of the ordinary shares in Zefone Limited. Zefone Limited has been shown as the continuing entity and its comparative financial information shown for 2022. Intercompany transactions and balances between Group companies are therefore eliminated in full. The equity presented is that of the Company with the difference on elimination of Zefone Limited's capital of €1,012,000 (£875,000) being shown as a merger reserve.

In the current year, Zefone acquired Smart Systems Security Limited for €1,190 (£1,000) with the total identifiable net liabilities acquired being €225,000, resulting in €226,000 being recorded to the merger reserve.

In the prior year, Zefone acquired Smarttech247 sp. z o.o. for €2,112 (10,000 Polish Zloty) with the total identifiable net assets acquire being €26,000, resulting in the €23,000 being recorded to the merger reserve.

25. OTHER RESERVES

Foreign exchange reserve

Foreign exchange differences arising on translating into the reporting currency.

Share based payment reserve

Cumulative charge recognised under IFRS 2 in respect of share based payment awards.

Retained earnings

Retained earnings represents cumulative profits and losses net of dividends and other adjustments.

NOTES TO THE FINANCIAL INFORMATION FOR THE YEAR ENDED 31 JULY 2023

26. BORROWINGS

Group	2023 €'000	2022 €'000
Non-current		
Convertible secured loan notes	-	2,342
	-	2,342

Refer to note 30 for movements in borrowings.

Analysis of maturity of loans is given below:

	2023 €'000	2022 €'000
Amounts falling due 1-2 years		
Other loans	-	2,342
	-	2,342

Convertible Secured Loan Notes

The convertible secured loan notes were issued by Zefone Limited in May 2021 to provide the company with additional funding for the development of its business. They carried an interest rate at 5% per annum with a requirement to redeem the outstanding loan notes on 7 May 2024 unless converted or repaid prior to that date.

The holders of the convertible secured loan notes had the right to convert the loan notes into ordinary shares in the event of a sale or listing. The holder could also elect to convert the loan notes into ordinary shares prior to any such event based on a conversion rate.

The convertible secured loan notes were secured by a debenture incorporating fixed and floating charges over the Group's assets both present and future.

During the year, at the time of the acquisition of Zefone Limited by the Company and subsequent IPO, the convertible loan notes and associated interest was assigned to the Company as it was intended that the loan notes would be settled through the issue of new shares in the Company. On the listing of the Group, the convertible loan notes and accrued interest were converted by the issue of 13,646,441 new shares in the Company. Further details are set out in in note 22.

27. TRADE AND OTHER PAYABLES

Group	2023 €'000	2022 €'000
Trade creditors	3,183	1,880
Corporation tax	220	50
Other taxation and social security	753	633
Accruals	56	658
Deferred income	1,869	1,333
Other payables	150	75
	6,231	4,629

NOTES TO THE FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 JULY 2023

Company	2023 €'000
Trade creditors	7
Other taxation and social security	5
Accruals	10
Intercompany payable	32
	54

The table below sets out the maturity profile of the trade payables at 31 July 2023:

	2023 €'000	2022 €'000
Due in less than 30 days	2,201	185
Due in between 30 and 60 days	772	1,608
Due in more than 60 days	210	87
	3,183	1,880

The table below sets out the maturity profile of the deferred income balance at 31 July 2023:

	2023 €'000	2022 €'000
Due within 1 year	1,449	1,015
Due after 1 year	420	318
	1,869	1,333

28. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Capital Risk Management

The Company manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders. The overall strategy of the Company and the Group is to minimise costs and liquidity risk.

The capital structure of the Group consists of equity attributable to equity holders of the parent, comprising issued share capital, foreign exchange reserves and retained earnings as disclosed in the Consolidated Statement of Changes of Equity.

The Group is exposed to a number of risks through its normal operations, the most significant of which are interest, credit, foreign exchange, and liquidity risks. The management of these risks is vested to the Board of Directors.

Credit Risk

Credit risk arises on financial instruments such as trade receivables, short-term bank deposits.

Policies and procedures exist to ensure that customers have an appropriate credit history. The Group's most significant clients are public or regulated industry entities which generally have high credit ratings or are of a high credit quality due to the nature of the client.

NOTES TO THE FINANCIAL INFORMATION FOR THE YEAR ENDED 31 JULY 2023

Counterparty exposure positions are monitored regularly so that credit exposures to any one counterparty are within acceptable limits.

At the balance sheet date there were no significant concentrations of credit risk.

Trade and other receivables and contract assets included in the balance sheet are stated net of expected credit loss (ECL) provisions which have been estimated on a customer-by-customer basis, based on the relationship with the customer and its historical payment profile. There are no provisions held against trade receivables at the balance sheet date.

The Group's maximum exposure to credit by class of individual financial instrument is shown in the table below:

	2023 Carrying Value €'000	2023 Maximum Exposure €'000	2022 Carrying Value €'000	2022 Maximum Exposure €'000
Cash and cash equivalents	6,062	6,062	2,358	2,358
Trade receivables	5,194	5,194	5,237	5,237
	11,256	11,256	7,595	7,595

Currency Risk

The Group operates in a global market with income and costs possibly arising in a number of currencies and is exposed to foreign currency risk primarily in respect of entities within the Group entering into commercial transactions arising from sales or purchases in currencies other than the Companies' functional currency. Currency exposures are reviewed regularly.

The Group has a limited level of exposure to foreign exchange risk through their foreign currency denominated cash balances and a portion of the Group's costs being incurred in Euro, Polish Zloty and Romanian Leu. Accordingly, movements in the Euro exchange rate against these currencies could have a detrimental effect on the Group's results and financial condition. Such changes are not considered likely to have a material effect on the Group's financial position at 31 July 2023.

Currency risk is managed by maintaining some cash deposits in currencies other than Sterling. The table below shows the currency profiles of cash and cash equivalents:

	2023 €'000	2022 €'000
Cash and cash equivalents		
Euro	289	778
USD	2,714	1,440
GBP	3,002	113
Polish Zloty	49	13
Romanian Leu	8	14
	6,062	2,358

NOTES TO THE FINANCIAL INFORMATION FOR THE YEAR ENDED 31 JULY 2023

Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group seeks to manage liquidity risk by regularly reviewing cash flow budgets and forecasts to ensure that sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The Group deems there is sufficient liquidity for the foreseeable future.

The Group had cash and cash equivalents at year end as below:

	2023 €'000	2022 €'000
Cash and cash equivalents	6,062	2,358
	6,062	2,358

Interest Rate Risk

The Group is exposed to interest rate risk whereby the risk can be a reduction of interest received on cash surpluses held and an increase in interest on borrowings the Group may have. The maximum exposure to interest rate risk at the reporting date by class of financial asset was:

	2023 €'000	2022 €'000
Bank balances	6,062	2,358
	6,062	2,358

29. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Group 2023	Financial assets at amortised cost	Financial liabilities at amortised cost	Total
Financial assets / liabilities	**€'000**	**€'000**	**€'000**
Trade and other receivables [1]	5,582	-	5,582
Cash and cash equivalents	6,062	-	6,062
Trade and other payables [2]	-	(6,175)	(6,175)
Lease liabilities (current and non-current)	-	(351)	(351)
	11,644	(6,526)	5,118

[1] Trade and other receivables excludes prepayments
[2] Trade and other payables excludes accruals

NOTES TO THE FINANCIAL INFORMATION FOR THE YEAR ENDED 31 JULY 2023

Group 2022 Financial assets / liabilities	Financial assets at amortised cost €'000	Financial liabilities at amortised cost €'000	Total €'000
Trade and other receivables [1]	5,861	-	5,861
Cash and cash equivalents	2,358	-	2,358
Trade and other payables [2]	-	(3,971)	(3,971)
Lease liabilities (current and non-current)	-	(68)	(68)
Borrowings	-	(2,342)	(2,342)
	8,219	(6,381)	(1,838)

[1] *Trade and other receivables excludes prepayments.*
[2] *Trade and other payables excludes accruals.*

Company 2023 Financial assets / liabilities	Financial assets at amortised cost €'000	Financial liabilities at amortised cost €'000	Total €'000
Trade and other receivables [1]	167	-	167
Cash and cash equivalents	2,949	-	2,949
Trade and other payables [2]	-	(8)	(8)
	3,116	(8)	3,108

[1] *Trade and other receivables excludes prepayments.*
[2] *Trade and other payables excludes accruals.*

30. RECONCILIATION OF MOVEMENT IN NET DEBT

2023	At 1 August 2022	Non-cash changes	Cashflow	At 31 July 2023
	€'000	€'000	€'000	€'000
Cash at bank	2,358	(4)	3,708	6,062
Borrowings – non-current	(2,342)	2,342	-	-
Lease liabilities – current & non-current	(68)	(359)	76	(351)
Net Debt	(52)	1,979	3,784	5,711

NOTES TO THE FINANCIAL INFORMATION
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2022	At 1 August 2021	Non-cash changes	Cashflow	At 31 July 2022
	€'000	€'000	€'000	€'000
Cash at bank	3,215	-	(857)	2,358
Borrowings – non-current	(2,263)	(79)	-	(2,342)
Lease liabilities – current & non-current	(58)	(111)	101	(68)
Net Debt	894	(190)	(756)	(52)

*Non-cash movements in cash related to the foreign exchange impact on non € denominated cash balances, whilst on the lease liabilities relates to the finance charges incurred on the lease liabilities plus additional leases executed during the year.

The non-cash movements on borrowings principally relate to the conversion of the CLN which took place during the year.

31. MERGER ACQUISITIONS

Smart Systems Security Limited

On 18 November 2022, Zefone acquired Smart Systems Security Limited for €1,190 (£1,000). The book value of the assets acquired and liabilities assumed of Smarttech Systems Security Limited at the date of acquisition based upon the balance sheet at 18 November 2022 are as follows:

	€'000
Cash	1
Total consideration	**1**
Recognised amounts of assets and liabilities acquired:	
Trade and other receivables	5
Cash	8
Trade and other liabilities	(241)
Total identifiable net assets	**(226)**
Net difference taken to merger reserve	**(225)**

Zefone Limited

On 18 November 2022, through the Share Exchange Agreement, Smarttech247 Group plc acquired 100% of the shares of Zefone Limited.

On 18 November 2022, the convertible loan notes described in Note 26 were novated up to Smarttech247 Group plc under the Deed of Novation, conditional on the share for share exchange noted above and admission to the AIM market.

For more detail, please refer to note 24 and note 2.6 for information on the presentation of the Financial Statements.

NOTES TO THE FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 JULY 2023

32. RELATED PARTY TRANSACTIONS

The Group's investments in subsidiaries have been disclosed in Note 18 and details of directors' emoluments are set out in the directors remuneration report beginning on page [x].

Ronan Murphy, who is a director of the Group, is also a director of and has a significant indirect interest in Visibility Blockchain Limited of 21.4%. Consequently, Visibility Blockchain Limited is regarded as a related party by virtue of Ronan Murphy's ability to exert significant influence over Visibility Blockchain Limited.

The following amounts are receivable at the financial year end:

	2023 €'000	2022 €'000
Visibility Blockchain Limited	89	26
	89	246

The following amounts are due to related parties:

	2023 €'000	2022 €'000
Visibility Blockchain Limited	441	296
	441	296

Net balance with related parties:

	2023 €'000	2022 €'000
Visibility Blockchain Limited`	(352)	(269)
	(352)	(50)

Certain revenue is recognised between Zefone Limited and Visibility Blockchain Limited under a reseller agreement. During the year the total amount of services charged under a reseller agreement by Visibility Blockchain Limited to Zefone Limited amounted to €446,789 (2022: €503,174).

Certain operating expenses are allocated 40%/60% based on an intercompany overhead agreement. During the year the total amount of expenses allocated to Visibility Blockchain Limited by Zefone Limited amounted to €365,475 (2022: €150,570).In the opinion of the Directors, these amounts arise in the ordinary course of business and the terms of the amounts due are in accordance with the terms ordinarily offered by the Group.

On 18 November 2022, Amplified Technologies Limited, which is 100% owned by Ronan Murphy, a director of the Company, sold its 100% shareholding in Zefone Limited to the Company in return for new shares in the Company, effectively exchanging 100% ownership of Zefone Limited for 100% ownership of the Company as a precursor to the IPO of the Company.

Nicholas Lee, who is a director of the Group, is also a director of RiverFort Global Opportunities plc which has a 6.16% shareholding in the Group.

Ronan Murphy has a loan outstanding with the Group amounting to €57,000. This loan is unsecured, interest free and is repayable on demand.

NOTES TO THE FINANCIAL INFORMATION
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33. PENSION COMMITMENTS

The Group operates a defined contribution scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to €75,307 (2022: €12,553). €10,480 (2022: € nil) was payable to the fund at the statement of financial position date and is included with creditors.

34. CAPITAL COMMITMENTS

There were no capital commitments as at 31 July 2023 or 31 July 2022.

35. CONTINGENT LIABILITIES

There were no contingent liabilities at 31 July 2023 or 31 July 2022.

36. EVENTS SUBSEQUENT TO PERIOD END

There have been no further events subsequent to period end.

37. CONTROL

In the opinion of the Directors as at the year end and the date of the financial statements, Ronan Murphy is the ultimate controlling party.