

Insig AI plc / EPIC: INSG / Market: AIM

19 December 2024

INSIG AI PLC
("INSG" or the "Company")

Unaudited Interim Results for the Six Months ended 30 September 2024

Insig AI plc (AIM:INSG), the data science and machine learning solutions company serving the asset management industry, is pleased to announce its unaudited interim results for the six months ended 30 September 2024 ("H1-24") and to provide an update on the Company's progress post the half year end.

Highlights

- Adjusted EBITDA loss of £0.4 million in H1-24 (H1-23: £0.4 million, which benefitted from the contribution of the now disposed Sport in Schools business)
- Quadrupling of pipeline of new sales prospects in the last six weeks, to in excess of £2.5 million
- Progressing discussions with potential strategic partners
- Increasing visibility of regulatory tailwinds: Corporate Sustainability Reporting Directive effective from January 2025
- Cash of £0.2 million (30 September 2023: £0.7 million) but £0.3 million R&D tax refund received post period end (whilst £0.5 million refund received pre-period end in H1-23)

Richard Bernstein, CEO commented: "I am pleased to report that since the period end, we have seen year on year revenue growth, a dramatic increase in our sales pipeline, broadening engagement with regulators and incoming requests for proposals to meet business needs as a result of a strategic business development shift. Alongside structural tailwinds within the markets we address, we can look forward to 2025 with confidence."

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David Foreman / James Hornigold

Chief Executive's Report

Dear Shareholders, it is now a little over six months since I became Chief Executive. In September, I set out the corrective actions that I had started to put in place. I am pleased to report on early indicators of meaningful progress. Whilst I have previously referred to sales cycles in emerging technologies taking up to 18 months, over the last six weeks, our pipeline of new sales prospects has quadrupled to in excess of £2.5 million, due to a newly implemented business development strategy and a clearly defined value proposition. This is not only a function of providing focussed offerings where there are clear business requirements but a transformation in how we are accessing and engaging with these potential customers. This augurs well for 2025.

Financial headlines

In summary, the operating loss we are reporting of £1.4 million is before adjusting for depreciation and amortisation of £1 million. This compares with an operating loss of £1.8 million for the corresponding period to September 2023, when depreciation and amortisation comprised £1.4 million. Whilst the consolidated income statement shows a decline in revenue, this is entirely due to the corresponding period including sales from Sport in Schools, a business which was sold in November 2023. Revenues from the machine learning and data science business were unchanged at £0.2 million. Cash and cash equivalents at the period end were £0.2 million, as against cash and cash equivalents for the corresponding period of £0.7 million, which included the receipt of an R&D tax refund of £0.5 million. Last month, post period end, the Company received an R&D tax refund of £0.3 million.

Equity funding

In April and May 2024, I subscribed to the Company for 1,250,000 shares at 20p. In June 2024, the Company successfully raised £0.8 million at 12.5p per share.

The markets we serve

As I set out in September, there are two clearly defined parts of the business.

AI Ready ESG Data

First, a vast repository of corporate reports that enables regulators, corporates, asset managers and all market participants to access, interrogate and compare disclosures within and between companies. We believe that our database uses the best of machine learning and AI tools in this area. It is our automated traceability back to source corporate disclosures that separates us from our competition. Recently, we have significantly increased our engagement with regulators, as well as with corporates and substantial consulting practices.

Data Engineering for Asset Managers

Second, our ability to provide accessible AI-ready data engineering solutions to asset managers. This enables them to gain insights into their holdings, manage risk and increase alpha. We are able to structure and centralise data, making it secure, whilst increasing the efficiency and productivity. A recent survey from PwC's Asset & Wealth Management Report, which surveyed 264 asset managers and 257 institutional investors, found that 80% of those who took part believed that AI and other new technologies will improve revenues going forward. The report highlighted a skills and investment gap when it comes to AI, with revenue growth expected from internal changes rather than direct services to clients, with 84% of respondents arguing it would improve operational efficiency.

Board changes

In May 2024, the Company announced that I was appointed Chief Executive and John Wilson was appointed as Independent Non-Executive Chairman. John is a globally experienced Chairman and Chief Executive, with a strong background in the technology sector. The Company also announced that Warren Pearson, Chief Technical Officer was stepping down from the Board and staying within the business as a full-time employee, allowing Warren to focus time on product development and deployment of Insig's machine learning solutions.

Prospects

I am pleased to report that since the period end, and as a result of our revised strategy, revenue is now ahead of the corresponding period last year. Importantly, in recent weeks, engagement with potential new customers has increased significantly. Next month, the Corporate Sustainability Reporting Directive will come into effect. Our curated repository of corporate reports provides the ideal foundation for automating the myriad of over 1,000 new data points that will require reporting on. We believe that as these new reporting requirements come into force, corporates will need to collate data in a way that is well suited to our solutions. This nascent market looks set to spring into life, as manual data collection and analysis will become relatively costly, cumbersome and ultimately obsolete. On the data engineering side, asset managers now require automated, accurate and accessible data. We continue to progress discussions both with regulators and with potential large scale strategic partners.

As Insig AI's largest shareholder and someone who has invested several million pounds on the same terms as and alongside institutional and retail investors, I am as keen as any for the business to convert its potential into long-term sustainable and substantial revenues.

Of late, we have broadened engagement with international regulators and have recently been invited to be fast tracked onto the preferred vendor list of an overseas regulator. Discussions with accounting practices and management consultancy firms are ongoing. Last month, we announced a new business win from an asset manager with assets under management of more than £100 billion. We now expect additional work from this client in the coming months.

It is encouraging that the team has responded very well to my initial actions of refocusing the business. This has already resulted in incoming requests for proposals, as well as a quadrupling in the quantum of new business engagements. Initially this was concentrated within the data engineering side of the business but in the last fortnight, a number of new prospects for the ESG data division have emerged. In the coming months, our sales pipeline is expected to continue to build. As 2025 progresses, we plan to convert this into consistent new business wins, as our investments in new technology, sales and marketing deliver substantial payback. I am excited about prospects for 2025 and beyond.

Richard Bernstein
Chief Executive Officer
18 December 2024

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	6 months to 30 September 2024 Unaudited	6 months to 30 September 2023 Unaudited

	notes	£	£
Continuing operations			
Revenue		165,780	882,478
Cost of sales		-	(384,916)
Gross profit		165,780	497,562
Administration expenses		(1,525,803)	(2,175,056)
Other gains/(losses)		(299)	59,470
Other income		-	877
Operating loss		(1,360,322)	(1,617,147)
Finance income		299	147
Finance costs		(73,250)	(64,841)
Loss before income tax		(1,433,273)	(1,681,841)
Deferred tax		(253,805)	(129,255)
Loss for the period after income tax from continued operations		(1,687,078)	(1,811,096)
Discontinued operations			
Profit/(loss) for the period from discontinued operations	8	-	-
Group loss for the period		(1,687,078)	(1,811,096)
Total comprehensive loss attributable to owners of the Parent		(1,687,078)	(1,810,660)
Total comprehensive profit/(loss) attributable to non-controlling interests		-	(436)
Basic and diluted earnings per share	5	(1.56)p	(1.74)p

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 September 2024 Unaudited £	As at 31 March 2024 Audited £	As at 30 September 2023 Unaudited £
Non-Current Assets				
Property, plant and equipment		3,640	5,652	14,759
Right of Use Assets		-	-	23,127
Available for sale investments		123,750	-	-
Intangible assets	7	3,796,971	4,404,000	19,464,501
		3,924,361	4,409,652	19,502,387
Current Assets				
Trade and other receivables		67,654	104,740	161,812
Cash and cash equivalents		226,376	37,847	659,670
		294,030	142,587	821,482
Total Assets		4,218,391	4,552,239	20,323,869
Non-Current Liabilities				
Lease liabilities		-	-	11,971
Deferred tax liabilities		1,354,805	1,101,000	2,715,350
		1,354,805	1,101,000	2,727,321
Current Liabilities				
Trade and other payables		173,526	338,238	611,515
Lease liabilities		-	-	10,386
Convertible loans	9	1,609,324	1,544,324	2,318,173
		1,782,850	1,882,562	2,940,074
Total Liabilities		3,137,655	2,983,562	5,667,395
Net Assets		1,080,736	1,568,677	14,656,474
Capital and Reserves Attributable to Equity Holders of the Company				
Share capital		3,230,499	3,149,058	3,109,804
Share premium		41,915,534	40,810,725	39,977,403
Other reserves		516,015	516,015	377,381
Share based payments reserve		15,372	2,485	18,845
Retained losses		(44,567,944)	(42,880,866)	(28,775,506)
Equity attributable to shareholders of the parent		1,109,476	1,597,417	14,707,927
Non-controlling interests		(28,740)	(28,740)	(51,453)
Total Equity		1,080,736	1,568,677	14,656,474

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Note	Share capital £	Share premium £	Share based payment reserve £	Other reserves £	Retained losses £	Total equity £	Non-Controlling Interest £	Total equity £
Balance as at 1 April 2023	3,109,804	39,077,403	18,845	377,381	(26,964,846)	15,618,587	(51,017)	15,567,570
Loss for the period	-	-	-	-	(1,810,660)	(1,810,660)	(436)	(1,811,096)
Total comprehensive loss for the period	-	-	-	-	(1,810,660)	(1,810,660)	(436)	(1,811,096)
Sale of treasury shares	-	900,000	-	-	-	900,000	-	900,000
Total transactions with owners, recognised in equity	-	900,000	-	-	-	900,000	-	900,000
Balance as at 30 September 2023	3,109,804	39,977,403	18,845	377,381	(28,775,506)	14,707,927	(51,453)	14,656,474
Balance as at 1 April 2024	3,149,058	40,810,725	2,485	516,015	(42,880,866)	1,597,417	(28,740)	1,568,677
Loss for the period	-	-	-	-	(1,687,078)	(1,687,078)	-	(1,687,078)
Total comprehensive loss for the period	-	-	-	-	(1,687,078)	(1,687,078)	-	(1,687,078)
Issue of shares	81,441	1,104,809	-	-	-	1,186,250	-	1,186,250
Share based payment	-	-	12,887	-	-	12,887	-	12,887
Total transactions with owners, recognised in equity	81,441	1,104,809	12,887	-	-	1,199,137	-	1,199,137
Balance as at 30 September 2024	3,230,499	41,915,534	15,372	516,015	(44,567,944)	1,109,476	(28,740)	1,080,736

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Notes	6 months to 30 September 2024 Unaudited £	6 months to 30 September 2023 Unaudited £
Cash flows from operating activities		
Loss before taxation	(1,687,078)	(1,810,660)
Adjustments for:		
Depreciation and amortisation	1,025,865	1,382,456
Increase in deferred tax provision	253,805	129,255
Minority interest	-	(436)
Disposal of Property Plant and Equipment	-	4,803
Finance expense	73,250	(4,898)
Share options expense	12,887	-
Cash received for R&D refund	-	542,000
Increase/(decrease) in trade and other receivables	37,086	19,146
Increase/(decrease) in trade and other payables	(172,962)	(265,008)
Net cash used in operations	(457,147)	(3,342)
Cash flows from investing activities		
Purchase of property, plant and equipment	-	(595)
Disposal of Property Plant and Equipment	-	3,160
Development expenditure	7 (416,824)	(517,018)
Net cash used in investing activities	(416,824)	(514,453)
Cash flows from financing activities		
Proceeds from share allotments	1,062,500	-
Funds from sale of treasury shares	-	900,000
Repayment of leasing liabilities and bank borrowings	-	(3,119)
Net cash generated from financing activities	1,062,500	896,881
Net decrease in cash and cash equivalents	188,529	379,086
Cash and cash equivalents at beginning of period	37,847	280,584
Cash and cash equivalents at end of period	226,376	659,670

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. General Information

Insig AI plc is a data science and machine learning company listed on the AIM Market of the London Stock

Exchange.

The Company is domiciled in the United Kingdom and incorporated and registered in England and Wales, with registration number 03882621. The Company's registered office is 6 Heddon Street, London, W1B 4BT.

2. Basis of Preparation

The condensed consolidated interim financial statements have been prepared in accordance with the requirements of the AIM Rules for Companies. As permitted, the Company has chosen not to adopt IAS 34 "Interim Financial Statements" in preparing this interim financial information. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2024, which have been prepared in accordance with UK adopted international accounting standards.

The interim financial information set out above does not constitute statutory accounts within the meaning of the Companies Act 2006. It has been prepared on a going concern basis in accordance with the recognition and measurement criteria of UK adopted international accounting standards.

Statutory financial statements for the year ended 31 March 2024 were approved by the Board of Directors on 5 September 2024 and delivered to the Registrar of Companies. The report of the auditors on those financial statements was unqualified with a material uncertainty in relation to the Company's ability to continue as a going concern. The condensed interim financial statements are unaudited and have not been reviewed by the Company's auditor.

Going concern

These financial statements have been prepared on the going concern basis. Given the Group's current cash position and its demonstrated ability to raise capital, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting preparing the condensed interim financial statements for the period ended 30 September 2024.

Notwithstanding the above, a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, that the Group may be unable to realise their assets or settle their liabilities in the ordinary course of business. As a result of their review, and despite the aforementioned material uncertainty, the Directors have confidence in the Groups forecasts and have a reasonable expectation that the Group will continue in operational existence for the going concern assessment period and have therefore used the going concern basis in preparing these consolidated financial statements.

The factors that were extant at 31 March 2024 are still relevant to this report and as such reference should be made to the going concern note and disclosures in the 2024 Annual Report and Financial Statements ("2024 Annual Report").

Risks and uncertainties

The Board continuously assesses and monitors the key risks of the business. The key risks that could affect the Company's medium term performance and the factors that mitigate those risks have not substantially changed from those set out in the Company's 2024 Annual Report and Financial Statements, a copy of which is available on the Company's website: www.insgai.com. The key financial risks are liquidity risk, credit risk, interest rate risk and fair value estimation.

Critical accounting estimates

The preparation of condensed interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the end of the reporting period. Significant items subject to such estimates are set out in Note 2 of the Company's 2024 Annual Report and Financial Statements. The nature and amounts of such estimates have not changed significantly during the interim period.

3. Accounting Policies

Except as described below, the same accounting policies, presentation and methods of computation have been followed in these condensed interim financial statements as were applied in the preparation of the Company's annual financial statements for the period ended 31 March 2024.

3.1 Changes in accounting policy and disclosures

The following amendments to standards have become effective for the first time for annual reporting periods commencing on 1 January 2023 and have been adopted in preparing these financial statements:

Standard	Impact on initial application	Effective date
IAS 1 (Amendments) and IFRS Practice	Disclosure of Accounting Policies	1 January 2023

Statement 2		
IAS 8 (Amendments)	Definition of Accounting Estimate	1 January 2023
IAS 12 Income Taxes (Amendments)	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023

The adoption of these amendments had no material impact on the financial statements.

At the date of approval of these financial statements, the following amendments to IFRS which have not been applied in these financial statements were in issue, but not yet effective, until annual periods beginning on 1 January 2024:

Standard	Impact on initial application	Effective date
IAS 7 (Amendments) and IFRS 7	Supplier Finance Arrangements	1 January 2024
IAS 1 (Amendments)	Classification of Liabilities as Current or Non- Current	1 January 2024
IFRS 16 (Amendments)	Lease Liability in a Sale and Leaseback	1 January 2024
IAS 1 (Amendments)	Presentation of Financial Statements	1 January 2024
IAS 1 (Amendments)	Non-Current Liabilities with Covenants	1 January 2024
IAS 21 (Amendments)	Lack of Exchangeability	1 January 2024

None are expected to have a material effect on the Group or Company Financial Statements.

4. Dividends

No dividend has been declared or paid by the Company during the six months ended 30 September 2024 (six months ended 30 September 2023: £nil).

5. Loss per Share

The calculation of earnings per share is based on a retained loss of £1,687,078 for the six months ended 30 September 2024 (six months ended 30 September 2023: £1,810,660) and the weighted average number of shares in issue in the period ended 30 September 2024 of 108,059,330 (six months ended 30 September 2023: 103,566,056).

No diluted earnings per share is presented for the six months ended 30 September 2024 or six months ended 30 September 2023 as the effect on the exercise of share options would be to decrease the loss per share.

6. Business segment analysis

6 months to 30 September 2024 Unaudited

	Machine learning and Data services	Total
	£	£
Revenue	165,780	165,780
Costs of sales	-	-
Administrative expenses	(1,525,803)	(1,525,803)
Other gains/(losses)	(299)	(299)
Other income	-	-
Finance Income	299	299
Finance costs	(73,250)	(73,250)
Profit/(Loss) before tax per reportable segment	(1,433,273)	(1,433,273)

*After the disposal of Sport in Schools Ltd and The Elms Group in November 2023, all the ongoing activity in the Group is related to machine learning and Data services.

6 months to 30 September 2023 Unaudited

	Machine learning and Data services	Sport in Schools	Total
	£	£	£

Revenue	182,797	699,681	882,478
Costs of sales	-	(384,916)	(384,916)
Administrative expenses	(1,874,622)	(300,434)	(2,175,056)
Other gains/(losses)	59,677	(207)	59,470
Other income	490	387	877
Finance Income	147	-	147
Finance costs	(64,654)	(187)	(64,841)
Profit/(Loss) before tax per reportable segment	(1,696,165)	14,324	(1,681,841)

7. Intangible assets

The movement in capitalised intangible costs during the period was as follows:

Cost and Net Book Value	Goodwill £	Development Costs £	Technology assets £	Customer relationships £	Total £
Balance as at 1 April 2024	-	988,929	3,095,296	319,775	4,404,000
Additions	-	416,824	-	-	416,824
Amortisation	-	(8,633)	(978,143)	(37,077)	(1,023,853)
As at 30 September 2024	-	1,397,120	2,117,153	282,698	3,796,971

8. Discontinued Operations

On 16 July 2024, Ultimate Player Ltd, a subsidiary of Insig AI Plc, was dissolved after discussions within management.

9. Convertible loan notes

	CLN 1 £	CLN 2 £	CLN 3 £	30 September 2024 £
Convertible loan note	1,000,000	500,000	750,000	2,250,000
Interest				
Accrued interest	130,057	75,643	35,076	240,776
Conversion	-	-	(785,076)	(785,076)
Modification of convertible loan note	(65,021)	(31,355)	-	(96,376)
Total	1,030,036	514,288	-	1,609,324
Equity				
Amount classified as equity	86,025	52,618	-	138,643
Total	86,025	52,618	-	138,643

On the 4 May 2022, the Company entered into a formal agreement for a £1.0m convertible loan note to be provided by Richard Bernstein, Non-Executive Chairman of the Company.

On 17 June 2022, the Company entered into a convertible loan facility agreement with David Kyte, a long-term shareholder in the Company for £500,000.

On the 12 September 2022, the Company entered into a formal agreement for a £750,000 convertible loan note to be provided by Richard Bernstein, Non-Executive Chairman of the Company.

On 22 December 2022, the Company agreed revised terms for both the convertible loan note (CLN) agreements with Richard Bernstein and David Kyte for £1m and £0.5m respectively.

The revisions for the year ended 31 March 2024 are as follows:

On 20 December 2023, it was agreed that the terms of the CLN with David Kyte will be extended by six months to 30 June 2024, and the interest rate was changed from 8% per annum to 12% per annum.

On 14 December 2023, it was agreed that the terms of the CLN with Richard Bernstein will be extended by six months to 30 June 2024. All other terms of the agreement remained the same.

On 15 November 2023, the Company received notice from Richard Bernstein to convert the balance of the agreement entered on 12 September 2022 to 3,925,380 ordinary shares at a conversion price of 20 pence per share. The total amount converted, including interest, was £785,076.

The revisions for the period ended 30 September 2024 are as follows:

On 2 July 2024, the Company agreed revised terms for the convertible loan note agreements with Richard and David, extending the redemption dates to 30 September 2025 and adjusting the interest rates to 6% for Richard's CLN, and 12% for David's.

10. Events after the balance sheet date

On 18 October 2024, an application was submitted to Companies House to dissolve Pantheon Leisure Plc, a subsidiary of Insig AI Plc.

11. Approval of interim financial statements

The Condensed interim financial statements were approved by the Board of Directors on 19 December 2024.

12. Availability of this announcement

Copies of this announcement are available from Insig AI website at www.insg.ai.

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