CAMBRIDGE COGNITION

Annual Report & Accounts

2023

Cambridge Cognition Holdings plc

Results for the year ended 31 December 2023

CAMBRIDGE COGNITION

Vision

We aim to improve the health of people worldwide with innovative assessments and digital biomarkers that provide researchers with precise measures of patients' symptoms. We aim to lead in CNS research and broaden our impact across therapeutic areas.

Mission

To set new benchmarks for accurate, patient-focused measurements in clinical trials through innovative assessments and digital biomarkers and better supporting solutions, such as those for decentralised clinical trials.

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Chair's Statement

2023 was an important year for the Company with two acquisitions which have expanded our addressable market and broadened our product portfolio. Clinpal (the trading name for eClinicalHealth Limited) was acquired in October 2022 and Winterlight Labs Inc in January 2023. These acquisitions enable the Company to offer customers an end-to-end solution for central nervous system ('CNS') clinical trials and enhance our competitive position. Following the acquisitions the Company undertook a significant restructuring, which enabled a return to profitability in the second half of the year.

Despite a widely reported slowdown in the clinical trials market in 2023, customer activity began to improve late in the year and we expect this to impact positively on contracted business in the second half of 2024. We remain well positioned for sustainable profitability over the next 24 months.

Post-period end, in February 2024, we welcomed Stuart Gall and Nick Rodgers to the Board as Non-Executive Directors. They each bring broad expertise and experience in the healthcare and technology sectors, and further strengthen the Board and its ability to support our growth plans, bringing additional commercial, investor relations and financial expertise.

We have strengthened our executive leadership team and welcome the appointment of Alex Livingstone-Learmonth as Chief Commercial Officer in early 2024. Alex is an experienced commercial leader with vast experience leading teams selling digital solutions into clinical trials.

Finally, I would like to thank all of our operational teams in the UK and North America, who have continued to work with commitment to grow and develop our business as we continue our transition to a highly profitable company.

Steven Powell
Chairman
31 May 2024

Overview

2023 was a pivotal year for Cambridge Cognition, enhancing our position as a leading digital health tech provider for CNS clinical trials with the milestone acquisitions of Clinpal and Winterlight. These position the Company as the only end-to-end provider of CNS clinical trials.

Encouragingly, the Company achieved an adjusted operating profit for the second half of the year following the successful integration of these businesses and recorded a 7% increase in full year revenue despite a weak clinical trials market.

Corporate & Operational Highlights

- Successful integration of two acquisitions, Clinpal and Winterlight, diversifying our offering and realising annualised cost synergies in excess of £1.5m.
- Contracted order book of £17.2m at 31 December 2023 providing good visibility over future revenues (2022: £17.6m).
- Launched a novel automated quality assurance product, AQUA, based on the Winterlight technology.
- Approximately 69% of our revenue in 2023 (2022: 68%) from top 10 customers, all of whom have been long-term clients.
- Major contract wins included two £2m+ clinical trials and one for £1m combining CANTAB®, Winterlight and AQUA.
- Post-period end, strengthened the sales and marketing teams to drive commercialisation.

Financial Highlights

Revenue
up 7%
2023 £13.5m
2022 £12.6m

Gross profit
up 15.8%
Margin Improving from 73.9% to **79.9%**

Adjusted operating loss
£1.1m
Exceeding market expectations, with profitability achieved in the second half.
2022: £0.1m profit

Loss per share
10.1 pence
2022: 1.3 pence loss per share

Cash balance
£3.2m
31 December 2023
2022 £8.3m

Continued reduction
in cost base post year-end.

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Chief Executive Officer's Review

Cambridge Cognition took a major step forward in 2023, through acquisitions and internal developments, to be positioned as an end-to-end provider of CNS clinical trial solutions. The Company now has a broad range of solutions with a focus on commercialisation. These strategic developments underline our commitment to boost growth and profitability.

After the acquisitions in late 2022 and early 2023, we have successfully integrated Clinpal and Winterlight and been able to realise significant synergies that resulted in an adjusted operating profit in the second half of 2023.

We were able to deliver 7% revenue growth and we improved our gross margin to 80%. Operating expenses were higher than the previous year, as expected, following the acquisitions, however we took steps to reduce operating costs with the integration of the organisational structures, systems and processes, driving cost efficiencies.

Although our new contracted orders, at £10.9m in 2023, were below those of the prior year, we saw increasing activity and engagement with major pharmaceutical companies and clinical research organisations ("CROs") through the second half of 2023. There have been longer lead times to contracting and delays to commencing studies, though as noted above, we have made a step-up to commercial capability and activity and consequently expect an acceleration in orders in 2024.

Our strategy is to provide researchers with precise measures of patient symptoms and set benchmarks for accurate, patient-focused measurements in clinical trials. Developments to our offering during 2023 included:

- Completion of the Winterlight acquisition to expand our expertise and offering in voice-based assessments, complementing our existing gold standard, touch screen assessments.
- Integration of the acquisitions under one operational and commercial structure that can clearly promote our unique end-to-end offering to customers and enable larger, multi-product orders.
- Launch of the AQUA (automated quality assurance) product for clinical trials, the first collaboration of the Cambridge Cognition and Winterlight technologies.
- Go-live of our RADIAL app, an enhancement of the Clinpal product including eConsent and telemedicine, for the large Trials@Home clinical trial.
- Launch of new tasks for use on mobile devices, a key growth area for clinical trials.

Market Overview

We continue to operate across three main business areas: pharmaceutical clinical trials, academic research and healthcare.

Pharmaceutical clinical trials

Our digital outcomes assessment solutions, including software, configuration (with customisation options), consulting and reporting services, accounts for approximately 90% of revenue.

Table summarising total addressable markets and growth rates:

Market sector	Market size	Market growth per annum	Source
Digital cognitive outcomes assessments	$67m US only in 2021	30%	Independent report
eCOA for CNS clinical trials	£185m in 2023	16% from 2024	Independent report x CNS proportion
IT systems for CNS decentralised clinical trials	£140m in 2023	15% from 2024	Calculated by Company
Patient recruitment for CNS trials	£100m in 2023	10%	Independent report x CNS proportion

We have three active target market opportunities: digital cognitive outcomes assessments, automated quality assurance and electronic clinical outcomes assessments ('eCOA'), and two passive, decentralised clinical trials and recruitment solutions.

1. **Digital Cognitive Outcomes Assessments**
   Approximately 500 clinical trials each year use measures of cognition[1]. Traditional assessments require clinicians to ask patients questions and score the answers, and can be more subjective, costly and inconvenient. Our touchscreen and voice-based cognitive assessments can be used alongside or even instead of traditional methods. The US market for digital cognitive assessments in clinical trials was estimated to be $67m in 2021 growing at 32% per annum[2].

2. **Quality Assurance**
   In later phase clinical trials for diseases such as Alzheimer's and Parkinson's Disease, the patient consults may subsequently be reviewed for quality assurance. Our new AQUA offering automates this process. The market for quality assurance for clinical trials is likely to be measured within the overall eCOA market.

3. **Electronic Clinical Outcomes Assessment ('eCOA')**
   The clinical trials market is moving from pen and paper to electronic solutions. eCOA systems are designed to capture patient, carer or clinician-reported data on a patient's outcomes during a clinical trial. Taking a proportion of the reported global market for all therapeutic areas, the eCOA market for CNS disorders was estimated to be $250m in 2023 and predicted to grow at 16% per annum from 2024 to 2029[3].

4. **In-Clinic, Hybrid and Virtual/Decentralised Clinical Trial Systems**
   Pharmaceutical companies and CROs depend on various information technology systems to effectively communicate with patients, schedule events, gather and analyse clinical data and prepare reports. A wide range of providers offer one or more of these systems, with some designed for in-clinic or virtual use or both. The global market for these solutions in CNS virtual clinical trials was estimated to be $200m per annum in 2023[4]. A recent report stated that market growth is forecast to be 15% from 2024[5].

5. **Patient Recruitment**
   There is a market opportunity for Cambridge Cognition to provide the digital solutions to support patient recruitment for a wide range of CNS clinical trials. The Company has several partners and provides clinical consulting, patient tracking systems and clinical screening solutions. The CNS clinical trial patient recruitment market, excluding advertising, is estimated at just over $140m with 10% annual growth[6].

1. Citeline TrialTrove, April 2024. | **2.** Astute Analytica (2021) US Cognitive Assessment Market. | **3.** Markets & Markets (2024), eCOA Solutions Size And Global Industry Forecast 2029 | **4.** Estimate from Global Data, April 2023, and Assessing the Financial Value of Decentralised Clinical Trials, Therapeutic Innovation & Regulatory Sciences, 57, 209-19, 2023. | **5.** Global Market Estimates (2024), Decentralized Clinical Trial (DCT) Platforms Market. | **6.** Grandview Research (2022), Clinical Trial Patient Recruitment Market; Adjusted by CNS studies as a proportion of all.

Chief Executive Officer's Review

Academic research

The supply of cognitive outcomes assessments for use in research by academics via a software-as-a-service ('SaaS') solution generates valuable evidence of the utility of our solutions as academics publish papers and give presentations referencing our data and software. This peer generated evidence is useful in marketing and securing new clinical trial contracts with our pharmaceutical customers.

Healthcare

Cambridge Cognition has two FDA and EU approved medical devices to aid in the triage and diagnosis of patients with cognitive impairment, one for primary care practitioners and one for secondary care specialists. The products are supplied to health centres in the UK direct and in the US via a distributor.

Demand is currently limited as there is minimal reimbursement, although it could grow rapidly with more interest in using digital cognitive biomarkers for healthcare, as there are new drugs to treat Alzheimer's disease. For that reason, we are in discussions with several potential partner companies to extend distribution.

Innovation and Product Review

There was considerable innovation in 2023 across the Company's expanded range, with combined offerings, product improvements and new products.

The Company launched two new products: AQUA, that leveraged the capabilities acquired with Winterlight; and RADIAL, a new decentralised clinical trial app for the Clinpal platform specifically for the IMI-funded Trials@Home project, a 600 patient European clinical trial. In 2024 we will prioritise incremental developments and system maintenance as we step-down investment in new product development and focus on commercialisation of the portfolio.

Cognitive assessments

The Company has three types of cognitive assessments, screen-based, verbal and short daily tasks on mobile phones, that make up the widest range of assessments available on the market, so that clients can select those that most suit their clinical trial requirements. Our leading scientists also make recommendations dependent on the research objectives and patient population.

A particular success in 2023 was a sizeable contract win for a Phase IIb clinical trial for Alzheimer's disease, utilising both CANTAB® and Winterlight assessments, which went live with the first patients in March 2024. The Company's assessments were selected because they can identify smaller changes in the effect of a drug and, as a result, a smaller population can be enrolled compared to traditional assessments.

CANTAB® cognitive assessments

Cambridge Cognition's core product, CANTAB®, constitutes most of the Company's revenues. It comprises 15 main tasks that cover all of the cognitive domains typically measured in a clinical trial. The number of publications on CANTAB® trials is now over 3,250.

CANTAB® assessments are available on Apple iPads™, through a web browser and mobile phones. The project to enable and validate screen resizing for our tasks on mobile screens continued through 2023, and concluded in early 2024, with the addition of two further frequently used tasks in the mobile format. We have also developed an R&D version of our CANTAB® App that can be used flexibly with individuals to test variants of assessments.

Daily cognitive assessments

The Company markets several short mobile phone assessments that can be done daily, or multiple times each day. The Company currently has three assessments and progressed two further assessments in 2023 to be ready for validation and sale.

Voice-based cognitive assessments

In 2023, the Company expanded its range of voice-based cognitive assessments with the acquisition of Winterlight. The full portfolio now includes 11 verbal assessments which are mostly automated versions with unique features of well-known assessments used by psychologists or neurologists to assess patients, such as asking someone to describe a picture or to memorise pairs of words. Many are multilingual, which is essential for international clinical trials. The Winterlight solution was also used to develop AQUA.

AQUA, Automated quality assurance

The AQUA opportunity was part of the rationale for acquiring Winterlight. Product development was completed post-acquisition and the product was launched in Q4 2023. It uses the Winterlight transcription engine and provides a report on the quality of clinical consults for clinical trials. In 2022, we commissioned independent market research that estimated the potential market opportunity for the solution could reach £16m per annum within five years of being launched[7].

Research Collaborations

As well as providing a SaaS product for academics, the Company actively collaborates with academic organisations and pharmaceutical company consortia to gather data to validate and promote solutions and broaden the user base for our products. Some of these are grant-funded, providing additional income for the Company.

During 2023, in addition to the Trials@Home trial, there were notable achievements with several high profile collaborations, including:

- Publication by the IdeaFAST Consortium of the multi-device pilot, showing Cambridge Cognition's fatigue assessments were effective, usable and sensitive in the pilot, and appropriate for use in clinical trials by pharma clients.
- Announcement of the inclusion of the Company's solutions in the EU & UK funded AD-RIDDLE project that aims to pair real world solutions for Alzheimer's Disease detection with targeted interventions.
- Selection of our assessment by the Michael J Fox foundation for use in their Parkinson's Disease PPMI study.

7. Extrapolated from independent market research report commissioned by Cambridge Cognition.

Chief Executive Officer's Review

Clinical Trial Solutions

The Company's clinical trial solutions, eCOA and decentralised clinical trial product, saw major progress in 2023:

- The combined product offering has enabled the Company to bid for major eCOA tenders.
- The Clinpal solution was developed further, with a new app, eConsent and Telehealth modules, and launched as the RADIAL solution.
- A third regional data centre was opened, enabling the Company to provide services within the US, EU and Asian blocks meeting local patient privacy and data transfer requirements.

Combined product offering

An early objective of the acquisition of Clinpal and Winterlight was to put together a combined offering with seamless functionality within a single front-end user interface. This was done in early 2023, enabling sales of the combined solution in the second half of the year.

Operational Review

We operate to high regulatory standards, supporting Good Clinical Practice for clinical trials so that clients can use the data collected for new drug applications and label claims. We continue to deliver outstanding services to clients, supported by a customer satisfaction net promotor score of 66 in 2023, which is 32 above the average[8].

Over the course of the year, the Company made considerable improvements in internal operations, introducing new cloud-based systems for operational management, people management, quality assurance and learning and training record-keeping. We completed 21 client and certification audits, including recertification during the year for ISO9001 and ISO 14001 and we maintained ISO 27001.

In 2023, the three companies were restructured into one single organisation to provide a seamless service to customers. In completing this, costs were reduced whilst maintaining the same high level of client delivery and a strong customer focus.

Business Model

The Company's business model centres around the provision of easy-to-use applications to measure patients in clinical trial site settings or at home. The primary advantage for clients is that the Company gathers reliable, novel data that can demonstrate the efficacy or safety of a therapeutic agent and, moreover, may do so with more reliability and accuracy than alternatives, and measuring a smaller effect size or specific elements.

The key components of the business model are:

- Fully serviced solution, such that a preconfigured application is provided for patients or clinicians on a device and training is provided as required to client project managers and site staff.
- Scientific consultancy, using a data-based approach to recommend outcome assessments for clinical trials, leveraging our existing publications and expert scientists.
- Provider of data and final reports that can be used to guide pharmaceutical company decision-making during the clinical phase of drug development or used for a data package for a new drug.
- Consultancy services that require a bespoke solution. These services can contribute additional revenue streams and strengthen client relationships.
- SaaS solution provided to academics, so that they configure and manage trials themselves at accessible prices.
- Maximising value of non-core solutions, such as the spin-out of Monument Therapeutics to develop and commercialise drug and digital diagnostic therapeutics for CNS disorders.

Advantages of the business model include:

- Highly configurable system with no software development required for standard cognitive assessment and eCOA studies, enabling a rapid service delivery and higher margins.
- Scientific rigour and verification ensures a high level of accuracy, reliability and validity, providing confidence in the data results.
- Diversified offering, with functional assessments, eCOA and quality assurance, reducing dependency on a single market and broadening our customer base.
- Long-term relationships with many existing clients and customer advocates brings business from existing and new clients, supported by exceptional customer service and multiple senior scientist contacts.

The business model is expected to provide returns on the investments made over time through:

- Market leading position with a range of proprietary products widely validated both academically and commercially, led by CANTAB® and supported by emerging voice technologies and a differentiated eCOA offering.
- Significant addressable and growing market.
- Diverse, blue-chip customer base that includes many of the world's leading pharmaceutical companies.
- Fully integrated acquisitions with synergies realised and positioned to capitalise on market opportunities.
- Experienced leadership team strengthened by new Non-Executives Directors and the recently formed Scientific Advisory Board.

Acquisition Performance

Having acquired Clinpal and Winterlight, our primary goals in 2023 were to integrate the three organisations into one operational structure and to promote multi-product, end-to-end solutions. We are pleased to have achieved this, with cost synergies realised above our original expectations.

Following the acquisition of Winterlight, the combined team continued the development and production of AQUA, which helped to secure a significant contract with a new customer. The Clinpal team focused on the launch of RADIAL, which went live in July 2023, and we leveraged the Clinpal platform to enhance our eCOA offering, an area for growth in 2024.

Commercially, the acquisitions performed in line with the rest of the business. We remain confident there is significant potential in the medium term, as we are able to offer a broader range of solutions to support larger contract opportunities.

Monument Therapeutics ('Monument')

Cambridge Cognition spun out Monument in 2021 to combine the Company's digital biomarkers with novel drugs and provide targeted precision therapeutics. Cambridge Cognition had been incubating Monument since 2018, with early-stage research supported by two Innovate UK grants. Monument is now a novel drug development company with a pipeline of promising drug development programmes, with the most advanced being for cognitive impairment in schizophrenia.

Over 2023, Monument made positive progress in clinical trials, demonstrating stability and activity of the compounds and validity of the digital biomarkers. As a result, the fair value of Monument has been increased to £156k, although significantly discounted to reflect the level of risk in early stage companies and the inherent risk of future fundraising by Monument.

Subsequent to the period-end, Monument announced a fundraising of £1.0m and a grant of £0.5m that will enable to the initiation of clinical trials for the digital assessment and drug combination for schizophrenia. The fundraising valued Monument at approximately £7m with Cambridge Cognition holding 25% post raise. This, together with the license agreement that includes royalties on future sales by Monument may generate considerable financial benefit for Cambridge Cognition if Monument is successful.

8. Retently (2024), Data of average customer satisfaction for healthcare.

Chief Executive Officer’s Review

Growth Strategy

Our overarching goal as we entered 2023 was to continue to grow revenue and move to sustainable profitability. Good progress was made, with revenue growth of 7% in 2023 and profitability achieved in the second half of the year. Our strategy was to complete the development and commercialise our unique set of well protected, high value and validated solutions. We continue to monitor the healthcare market with the readiness to promote our medical devices as and when increased demand resurfaces.

Our progress for 2023 and the non-financial strategic objectives for 2024 are set out below:

Area of focus	Progress in 2023	Objectives in 2024
Driving sales of existing products and winning a greater volume of clinical trial work for our broader portfolio, including combined offerings	Multiple major contracts won including a combined project that incorporated CANTAB®, Voice and AQUA	Target well-funded companies with active programs through an extensive science led pre-sales process to demonstrate unique technology solutions
Establishing partnerships in the sector, such as with major pharmaceutical companies, CROs and suppliers	Agreed a co-promotion with Actigraph (announced early 2024) and progressed discussions with a with major pharmaceutical company and CRO	Progress existing and seek partnerships with global pharmaceutical and CRO companies
Investing in innovation to maintain our brand position and complete the development of our offering	Launch of AQUA, integration with eCOA product offering, and launch of RADIAL app	Analyse new data and present advantages of our solutions and form a scientific advisory board to support our growth
Realising synergies from acquisitions, driving efficiencies in the business, and ensuring continued customer focus	Integrated the three businesses to one operational structure with a single go-to-market strategy and introduced multiple cloud-based systems for operational efficiencies	Leverage operational systems for further cost-reduction and implement internal AI large language models (‘LLM’) solutions to gain productivity advances
Focusing on our people and ensuring Cambridge Cognition is a great place to work	Integrated the Clinpal and Winterlight teams with Cambridge Cognition	Develop career pathways and competency led career journeys

External factors: Economic, Technical, Regulatory Environment

External factors have and continue to impact our market and operations, presenting opportunities and also challenges for the Company.

Inflation and high interest rates affected the Company in 2023 with rising costs, though these were mitigated through cost-saving measures and margins have improved. At the same time, we have taken advantage of considerable advances in cloud-based solutions to enable operational efficiencies in 2024.

The global macro-economic environment, which affected our market, has improved recently. There was cost-cutting across major pharmaceutical companies and a drop-off in investment in biotech companies. We have seen the impact of these on the demand for more experimental assessments. There has been continued demand for eCOA solutions. We are now seeing an increase in investment in the CNS sector by major pharmaceutical companies and expect the market will normalise late in 2024 or in 2025. That is aligned with the independent market reports that indicate eCOA market growth of 16% from 2024 to 2029.

Cambridge Cognition is at the forefront of advances in AI present opportunities. The Company provides solutions that involve complex machine learning models that are trained on clinical data sources. In addition, there was a new programme of work in 2023 to identify operational processes that could be improved by leveraging LLMs and this is continuing in 2024.

The regulatory environment continues to be encouraging, with the FDA and the EMA setting out clear guidance and discussion documents for new approaches for digital biomarkers, decentralised trials and the use of real-world evidence for clinical trials. A major shift that could support further use of our solutions is the FDA’s focus on the importance of patient meaningfulness of outcome measures, such that they are starting to require evidence that translates to an impact on a patient’s life. Our measurements are inherently meaningful, for example memory, speech and language are necessary for normal day-to-day functioning.

Longer-term Outlook

The Company has grown consistently over the last five years with a revenue CAGR of over 20%. Despite a challenging global economic environment in 2023, we have grown revenue whilst managing our cost base accordingly.

We operate in a large market that is forecast to grow at 16% per annum over the next five years. We have been further encouraged by the recent M&A activity in the CNS sector, with over $30bn being invested by major pharma recently. We are confident that the investment in neurological research will result in more opportunities for Cambridge Cognition in the future as the adoption of digital clinical trial solutions increases and, in time, becomes the industry measurement standard.

With the products in our portfolio, both developed and acquired, we have a fully-developed end-to-end solution for clinical trials that we are actively commercialising. Post-period end, we invested in our team with key appointments to drive greater lead generation, increase the quality and conversion of opportunities, and to promote Cambridge Cognition as a leader in CNS clinical trials solutions.

The longer-term growth outlook remains exciting for Cambridge Cognition, with a strong addressable market and a well-positioned portfolio of products. Following our refreshed focus on commercial execution, we have seen levels of engagement from our customers that will enable us to win more consistent and sizeable contracts and grow profitability in the coming years. I look forward to updating you on our progress during the year.

Matthew Stork
Chief Executive Officer
31 May 2024

CAMBRIDGE COGNITION

Chief Financial Officer's Review

The Company saw revenue growth of 7% in 2023 and returned to profitability in the second half of the year following growth in the contracted book in the first half and from realising cost benefits associated with the integration of Clinpal and Winterlight. The Company ended the year with cash of £3.2m.

This review includes a comparison of the financial KPIs used to measure progress over the year:

KPI	2023	2022	Movement	Movement
Revenue	**£13.5m**	£12.6m	£0.9m	7%
Gross margin	**79.9%**	73.9%	600bps	8%
Adjusted operating (loss)/profit	**£(1.1)m**	£0.1m	£(1.2)m	-%
Investment in R&D	**£3.8m**	£2.3m	£1.5m	65%
Sales orders	**£10.9m**	£13.1m	£(2.2)m	(16.3)%
Contracted order book	**£17.2m**	£17.6m	£(0.4)m	(2)%
Cash	**£3.2m**	£8.3m	£(5.1)m	(61)%

After a tax charge of £0.1m (2022: £0.2m tax credit), the post-tax loss for the year was £3.5m (2022: £0.4m) which equates to a loss per share of 10.1 pence (2022: 1.3 pence loss per share).

Adjusted operating (loss)/profit

We have presented a non-GAAP measure of adjusted operating loss to enable year on year comparison of ongoing operational results, which excludes non-recurring items associated with acquisitions and restructuring, non-cash charges associated with acquisitions and share-based payment charges as follows:

	2023 £m	2022 £m
Operating loss	**(3.3)**	(0.6)
Amortisation of acquired intangibles	**0.5**	-
Share based payment charges	**0.2**	0.2
Non-recurring items	**1.5**	0.5
Adjusted operating (loss)/profit	**(1.1)**	**0.1**

Non-recurring items include costs associated with acquisitions and integration of £1.3m (2022: £0.5m) as well as restructuring costs of £0.2m (2022: £nil).

Revenues and gross profit

Revenue grew by 7% to £13.5m compared to £12.6m in 2022 in difficult market conditions with a good conversion from the contracted order book. A large proportion of our contracts are for clinical trials, which usually commence three to six months after the signing of the contract and can run for several months or up to five years. As a result, the Company recognised more than half of the revenue in 2023 from orders won in previous years, with the remaining balance from in-year contract wins.

We anticipate the £17.2m contracted order book at 31 December 2023 will generate at least £8.0m of revenue to be recognised in 2024, subject to customer schedules and start dates, with the balance to be recognised in subsequent years.

Recognised revenue split by type was as follows:

	2023 £m	2022 £m	Movement £m	Movement %
Software	**6.5**	5.0	1.5	30%
Services	**6.4**	6.5	(0.1)	(2)%
Total Software & Services	**12.9**	11.5	1.4	12%
Hardware	**0.6**	1.1	(0.5)	(45)%
Total Revenue	**13.5**	12.6	0.9	7%

As expected, software revenue continued to grow in 2023 and increased by 30%, reflecting the usage of assessments from large contracts signed in previous years. Services revenue decreased marginally in 2023 and is reflective of the data and study management services being provided evenly over the term of the contracts following go-live. Hardware, which is procured from third parties, decreased in the year due to the prior year including a contract with an unusually high hardware element.

Gross profit was £10.8m (79.9% margin) compared with £9.3m (73.9% margin) in 2022. The improvement in margin was due to higher third-party costs on three large, one-off contracts delivered in 2022 (won in 2021) as well as a lower number of new study starts in 2023 (where a large proportion of third-party costs are incurred).

Chief Financial Officer's Review

Expenditure

In the first half of 2023, we completed the operational integration of Clinpal and Winterlight, resulting in a single organisational structure and a commercial team with a single go to market strategy. This resulted in the realisation of more than £1.5m of cost synergies that we had not anticipated from the acquisitions and the Company returning to profitability in the second half of 2023, ahead of expectations.

Operating expenses have been presented by function for 2023 according to the following definitions:

Category	Description	2023 £m	2022 £m
Research and development expense	New product development including software research and development and scientific support	3.8	2.3
Sales and marketing expense	Commercial, marketing and pre-sales scientific support	3.0	2.5
Administrative expenses	Corporate management, product and platform maintenance, finance, legal, HR, quality and IT	6.1	4.8
Non-recurring items	Acquisition, integration and restructuring	1.5	0.5
Total operating expense		**14.4**	**10.1**

Total operating expense increased to £14.4m (2022: £10.1m), driven primarily by additional costs from the acquired businesses, the non-recurring items directly related to the acquisition and integration and amortisation of acquired intangible assets (included in Research and development expense: £0.5m, Sales and marketing expense: £0.1m).

In recent years, we have maintained a high level of expense on research and development to complete the development of key products. This expenditure increased in 2023 from £2.3m to £3.8m following the acquisition of Clinpal and Winterlight. During 2023, we continued to invest in developing the portfolio through the launch of new tasks for mobile devices, the development of AQUA, integration of Winterlight voice tasks to the Connect platform and the completion of our multi-region server programme to ensure more secure data protection for our customers. Going forward we expect research and development expenditure to reduce as we focus on maximising the commercial opportunities from our current product portfolio.

Sales and marketing expense increased from £2.5m in 2022 to £3.0m for the current year, as we made selective hires to the team in order to strengthen our position in key regions.

Administrative expense increased from £4.8m in 2022 to £6.1m due primarily to the higher initial costs associated with the larger group following the Clinpal and Winterlight acquisitions. Following the integration and efficiency measures that we have implemented over the last 12 months we expect this to reduce in 2024.

Taxation

The tax charge for the year includes tax charges for foreign entities of £0.2m, including adjustments to prior period provisions, offset by R&D Credits of £0.1m.

Cash and capital expenditure

As of 31 December 2023, cash was £3.2m (31 December 2022: £8.3m), with the cash outflow from operating activities during the year £5.0m (2022: inflow £1.7m), reflecting the lower sales order levels as well as the higher operating expense following the acquisitions. During the year, £3.0m of cash was paid to acquire Winterlight. In September 2023, the Company secured a fully drawn £3.0m term loan to provide working capital and enable investment in product development and solution integration during 2023. The loan has been fully drawn down with a term of 36 months and is repayable, with interest, in 30 monthly instalments following an initial six-month interest only period.

Capital expenditure was £0.1m, primarily related to IT hardware and office equipment. We have not capitalised any development expenditure in the year as the criteria has not been met for new product development, primarily due to the timing between the costs to develop being incurred and the clinical validation needed to make the product available to market.

Balance sheet

The Company held an investment of 29% in Monument Therapeutics Limited ('Monument') at 31 December 2023, the digital phenotyping drug development business that was spun out in 2021. The fair value of the investment in Monument has been increased from £49k to £156k and reflects a non-controlling interest in an unquoted investment whilst recognising that there are significant risks associated with early-stage biotechnology companies, including future fund raising. Monument has continued to make positive progress during the year, including the grant of a US patent supporting MT1988 program for Schizophrenia, and remains on track with our expectations.

Chief Financial Officer's Review

Subsequent to the year end, Monument secured further investment of £1.0m valuing Monument at approximately £7m and reducing the Company's holding to 25%. Monument also secured a further £0.5m of grant funding, which together with the investment will enable it to continue its development programmes.

Goodwill and other intangible assets increased to £7.7m (2022: £1.4m). This reflects assets arising from the acquisition of Winterlight in January 2023. Trade and other receivables decreased to £2.4m (2022: £4.7m) due to the timing of customer invoicing and the release of prepayments associated with contract delivery.

Deferred income on contracts with customers decreased to £7.7m (2022: £12.3m) due to the lower level of invoicing on contracts in 2023 relative to revenue recognised. Deferred revenue balances primarily arise early in a contract as software licenses are typically invoiced at signing of the contract.

Financial outlook

Cambridge Cognition ended 2023 with £3.2m cash and a healthy pipeline, although the Company has continued to experience longer lead times for contracting, which has impacted on invoicing levels. With the current expectations on conversion of opportunities in the pipeline, revenue is expected to be in the range of £13.0m to £15.0m for 2024, although the Company continues to engage in discussions with strategic partners that could deliver revenue above this level. The Company expects to recognise £9m of revenue in 2024 from the contracted order book, including revenue recognised in the first quarter.

The cost base continues to be managed relative to the revenue growth prospects and the Company has structured its operations to achieve profitability and provide a stable base for future growth. We anticipate that operating expenses and particularly research and development expense will reduce in 2024 as we focus on the commercial execution of our existing product portfolio leading to profitability for the full year. In the meantime, we continue to manage working capital based on our current expectations and the reduced cost base.

On 29 May 2024 the Company announced the intention to complete an equity fundraising through a placing and direct subscription for £2.5m followed by an open offer of up to £125,000. This is subject to shareholder approval at a General Meeting on 17 June 2024.

The Company aims to deliver continued revenue growth at above market levels into 2025 and beyond with a cost base that will provide significant operational leverage and strong potential for future earnings growth.

Stephen Symonds
Chief Financial Officer
31 May 2024

Principal Risks and Uncertainties

Our key business risks are presented below. They are not presented in order of priority.

Brexit and related changes has been removed as a principal risk in the year. There has been minimal impact on the Company in the four years since the UK left the EU.

Risk	Description	Mitigation
Financial	The Company has a history of operating losses. This continued in 2023, with an operating loss of £3.3m and a cash outflow from operating activities of £5.0m. Future cash flows and revenue is dependent upon winning new sales orders, the success of current and new products, and investment in sales infrastructure. Without these, there is a risk we will continue to generate losses and consume cash.	We carefully monitor costs and cash flow to ensure the Group can continue as a going concern. The Directors annually prepare three-year strategic plan, including financial forecasts and cash flows. Cash, future cash flow projections and the sales pipeline is reported to the Board monthly. In 2023: • a term loan of £3.0m was secured. • cost synergies of £1.5m were realised following the integration of Clinpal and Winterlight. • the Company generated an adjusted operating profit in the second half of the year.
Product and market development	The ability to transition current products to new markets and the development of new products and services for both existing and new markets will determine how successful future growth is. Failure to do this would impact near-term revenue growth and impede the commercialisation of innovative new products and services.	We continue to invest in R&D, spending £3.8m in 2023 to integrate and develop our products and remain competitive and at the forefront of the sector. Clinpal was acquired in October 2022 and Winterlight in January 2023. These acquisitions have broadened our product offering and increased the size of our addressable market. In 2023 we integrated product offerings and launched AQUA. See the CEO Review for further details.
Cybersecurity	We deliver software to our customers via the Cloud. Use of our software is of critical importance to clinical trials, and we handle personal and confidential data. Our software needs to be secure and available to customers on demand. A security breach could result in private data being accessed causing a breach of regulations and customer contracts. Disruption in service could have significant impacts upon our customers.	We continuously monitor and update our threat management software and use several specialist, expert consultants to assess and put in place measures to help prevent ransomware, social engineering, and insider threats. Vulnerability is assessed by a well-known third-party specialist company on an ongoing monthly basis with a deep assessment every six months. Employees receive regular training on cybersecurity risks and policies. We have business continuity plans that are regularly reviewed and tested at least annually.

Risk	Description	Mitigation
Technology and regulation	Our success and ability to compete effectively with competitors partly depends upon the protection of our intellectual property and exploitation of our technology. Failure to do so could result in the loss of a competitive advantage and loss of market share.	We file patent applications and trademarks in key markets to protect and enhance our intellectual property and brands.
Growth management	Our ability to manage growth requires continual improvements to operations, financial and management controls, reporting systems and procedures and to train, motivate and manage employees. Our future success depends on its ability to hire, train and retain key technical, scientific, regulatory, sales and marketing personnel.	We seek to recruit and retain high calibre employees through offering rewards commensurate with their seniority, share options and maintaining open communication.
Reliance on key customers	A significant proportion of the Company's revenue is generated from a small number of key customers. In 2023, one customer (2022: three) accounted for more than 10% of revenue, amounting to 18% (2022: 34%) in total. There is a risk that the loss of a major customer could result in a significant revenue shortfall.	We maintain close relationships with a number of customers but aim not to be overly dependent on any one of them. We have increased the range of our product offering in recent years, including with the acquisition of Clinpal and Winterlight. This has assisted in diversifying the customer base, and significant deals with several new customers were closed in 2023.

Sustainability

Sustainability issues are of increasing importance to our stakeholders. Many of our customers have made commitments, or are subject to regulation, that require them to understand the ESG practices and impact of their supply chain.

2023 was a transitional year as we sought to align with the key requirements of our stakeholders and perform gap analyses on existing processes and information. For the first time, we have measured our scope 1 and 2 emissions data and have engaged with several external reporting frameworks.

Tonnes CO_2e		2023	2022
Scope 1	Direct emissions	2.8	-
Scope 2	Indirect emissions	15.2	14.2
Total		**18.0**	**14.2**

Our Scope 1 emissions are from the installation and maintenance of air conditioning units. Our Scope 2 emissions are from use of electricity in our offices. We currently do not track Scope 3 emissions.

Our total emissions increased in the year primarily as a result of the acquisition of Clinpal and Winterlight.

Science Based Targets Initiative (SBTi)

Our near-term commitments for reductions in Scope 1 and 2 emissions by 2030 were validated by SBTi. This is aligned to the Paris Agreement, which aims to limit long-term warming to 1.5C.

EcoVadis

We received a sustainability assessment from EcoVadis which benchmarked our performance and procedures against peers, and provided a gap analysis. We are reviewing the outcome of this assessment and will determine further actions in 2024.

Section 172 Statement

The Directors consider, both individually and collectively, that they have taken decisions in a manner they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its stakeholders, having regard to the matters set out in s172(1) of the Companies Act 2006:

The likely consequences of any decision in the long-term: long-term success is a key factor when making strategic decisions. Strategic Plans are prepared every year focussing on a minimum three-year period.

The interests of our employees: employees are our key asset and we take their wellbeing and development seriously. We believe we offer competitive remuneration packages and seek to engage employees through regular team meetings, office events and fortnightly town hall meetings. The Company has procedures to set objectives, conduct reviews and discuss career plans and working environments with employees with the objective of having motivated, effective teams.

The need to foster business relationships with suppliers, customers and other stakeholders:

Customers: we have dynamic relationships with our customers and seek to maintain regular contact. Customers are regularly asked for feedback, with a survey completed at the end of each study which is used to help shape future engagements.
Suppliers: we seek to have constructive and mutually beneficial relationships with our suppliers.
Shareholders: shareholders are key stakeholders who we seek to engage through generic and specific outreach, covering both financial results, and our innovation and future plans.

The impact of our operations on the community and the environment: we aim to execute operations with due regard to the environment. Charities are supported by donations, fundraising, and the donation of IT equipment.

The desirability of the Company, maintaining a reputation for high standards of business conduct: the integrity of individuals and corporate integrity are at the heart of all we do. This is embedded in our culture through formal (e.g. Standard Operating Procedures) and informal means.

The need to act fairly as between members of the Company: no single set of stakeholders is prioritised over another. All decisions aim to be equitable across all stakeholders.

The Strategic Report comprises the Chair's Statement, Chief Executive Officer's Review, Chief Financial Officer's Review and Principal Risks and Uncertainties.

Approved by the Board of Directors and signed on behalf of the Board.

Matthew Stork
Chief Executive Officer
31 May 2024

Chair's Statement on Governance

As Chair of the Cambridge Cognition Holdings plc ('the Company') Board, it is my responsibility to ensure that the Board is performing its role effectively and has the capacity, ability, structure and support to enable it to continue to do so.

We believe that a sound and well understood governance structure is essential to maintain the integrity of the Group in all its actions, to enhance performance and to impact positively on our shareholders, staff, customers, suppliers and other stakeholders.

In 2018, the Company adopted the QCA Corporate Governance Code ('the QCA Code') as the benchmark for measuring our adherence to good governance principles. These principles provide us with a clear framework for assessing our performance as a board and as a company, and the report below shows how we apply the Code's ten guiding principles in practice.

The QCA Code requires that some disclosures are available on the Company website, whilst others are required in the Company's Annual Report and Accounts and the Company has followed this recommendation. The corporate governance disclosure on our website can be found at *http://www.cambridgecognition.com/investors/corporate-governance/*

All members of the Board of the Company believe in the value and importance of good corporate governance. The Chair is personally responsible for establishing and monitoring corporate governance.

The Company is listed on the Alternative Investment Market of the London Stock Exchange ('AIM').

The Board considers that it does not depart from any of the principles of the QCA Code and the Board continues to monitor and develop its governance processes to maintain best practice. The Board recognises the importance of our wider stakeholders in delivering our strategy and business sustainability.

Steven Powell
Chair
31 May 2024

Chair's Statement on Governance

QCA Corporate Governance Code (2023)

The QCA announced a revision of the QCA Code in 2023. This revised Code is effective from 1 April 2024 and is subject to a 12-month implementation period. The Company intends to adopt the revised QCA Code during 2024 and be in full compliance by the end of the implementation period.

The scope of the Code has remained the same but with additional focus on key areas such as shareholder engagement, sustainability, company purpose, employees, risk management, Director remuneration and diversity.

The Board welcome these changes which they believe will strengthen the Company's corporate governance and help provide increased transparency.

Further information about the QCA Code is available at www.theqca.com.

Adoption of Pre-Emption Group Statement of Principles

The 2023 AGM granted the Directors the power to disapply pre-emption rights. This gives the authority to allot equity securities for cash without first having to offer these securities to existing shareholders in proportion to their existing shareholding, with certain limitations around the circumstances and aggregate maximum nominal value of the equity allotted. These rights expire at the conclusion of the 2024 AGM if an extension is not approved at the AGM.

The Company has elected to adopt the Pre-Emption Group Statement of Principles. These Principles provide guidance for both requesting a disapplication of pre-emption rights and using those rights. The focus of the Principles is around timely shareholder engagement. The Directors believe that adoption of these Principles will help ensure transparency and fairness for any future share issues.

Further information about the Pre-Emption Group is available at www.frc.org.uk/library/external-groups/pre-emption-group

Director Profiles

Dr Steven Powell Chair

Tenure: *8 years 11 months*

Appointed: *July 2015[1]*

Committee membership:

- *Chair of Remuneration Committee (to December 2023)*
- *Chair of Nomination Committee (to December 2023)*
- *Member of Remuneration Committee (from January 2024)*

Steven graduated in microbiology from the University of Wales and was awarded a PhD from the University of Aberdeen. He has nearly forty years of operational and investment experience in pharmaceutical and healthcare companies in the UK, USA and Scandinavia. He has held six CEO roles, three in public companies. His current roles include several advisory roles, Executive Director of Glen Cova Scientific Limited and Director of SerenOx Limited. In 2003, he joined Gilde Healthcare, a pan-European life sciences investment fund, as a partner and remained an adviser to the fund until 2016.

Dr Matthew Stork Chief Executive Officer

Tenure: *5 years 1 months*

Appointed: *May 2019*

Matthew has over twenty-five years' experience of managing companies in the med tech sector and expertise in AI, IT, diagnostics, medical equipment, and pharmaceuticals. Before becoming CEO of Cambridge Cognition in 2019, he held managing director and divisional leadership roles within GE Healthcare Digital, InHealth Group, ArjoHuntleigh, Canon Medical Systems (formerly Toshiba) and Smith & Nephew. He has a degree in pharmacy from the University of Bath, a PhD in Artificial Intelligence in Medicine from King's College London, and an MBA from London Business School.

Stephen Symonds Chief Financial Officer

Tenure: *1 year 10 months*

Appointed: *August 2022*

Stephen is an experienced finance professional and was previously the Chief Financial Officer of Envigo, a private equity backed provider of pre-clinical services for the pharmaceutical industry, where he spent eight years. Prior to that, he spent a decade with KPMG, working on a wide-ranging portfolio of clients. Earlier in his career, he built a broad experience in a variety of small to medium-size accounting companies and as the finance lead in a family-owned business. He is a fellow of the Association of Chartered Certified Accountants.

Richard Bungay Non-Executive Director

Tenure: *3 years 9 months*

Appointed: *September 2020*

Committee membership:

- *Chair of Audit Committee*
- *Member of Remuneration Committee (to January 2024)*
- *Member of Nomination Committee (to January 2024)*

Richard has over 25 years' experience in corporate roles with R&D-based companies within the biotechnology and pharmaceutical sector, including as Chief Executive Officer (CEO) and Chief Financial Officer (CFO) of both public and private companies, with a particular focus on financing, investor relations and business development. A chartered accountant, Richard is currently CEO of Imophoron Limited, a private company developing treatments for infectious diseases. Prior to this, Richard was CFO then CEO of Diurnal Group plc, the AIM quoted specialty pharmaceutical company targeting patient needs in chronic endocrine diseases, where he led the sale of the company to Neurocrine Biosciences. Prior to that, Richard held CFO and Chief Operating Officer roles at Mereo BioPharma Group plc as well as being CFO of Glide Technologies and Verona Pharma plc.

Director Profiles

Stuart Gall Non-Executive Director
Tenure: *4 months*
Appointed: *February 2024*

Committee membership:
- *Member of Audit Committee*
- *Member of Remuneration Committee*
- *Member of Nomination Committee*

Stuart is CEO of Intelligent Ultrasound, an AIM-listed medical imaging company providing one of the world's leading 'classroom to clinic' ultrasound technologies. Previous appointments include joint founder and executive director of Fusion IP plc, an AIM listed university IP commercialisation company, before its purchase by IP Group plc for £103 million in 2014. Stuart has over 30 years' experience in both small company start-ups and public companies and previously worked at British Airways plc, The Promotions Partnership Limited, Anvil Limited and Toad plc (now Journeo plc).

Debra Leeves Non-Executive Director
Tenure: *4 years 10 months*
Appointed: *July 2019*

Committee membership:
- *Chair of Remuneration Committee (from January 2024)*
- *Member of Remuneration Committee (to December 2023)*
- *Member of Nomination Committee*

Debra is currently CEO of Vertual, the leading provider of virtual and augmented reality training simulation systems in radiotherapy. She has over 25 years of experience in the medical technology and biotechnology industries, and has previously been COO of Beckley Canopy Therapeutics, CEO of Physeon and also held senior roles with companies such as Rex Bionics, Avita Medical, Merck, GlaxoSmithKline, GE Healthcare and Pfizer.

Nick Rodgers Non-Executive Director
Tenure: *4 months*
Appointed: *February 2024*

Committee membership:
- *Member of Audit Committee*

Nick is currently Chair of SEHTA, one of the largest health technology membership and networking organisations in the UK supporting businesses in the health technology sector. Until 2023 Nick was Chair of Destiny Pharma plc, a developer of novel anti-infective products and chair of ZPN Energy Limited, a developer of battery storage technologies and systems for the electric vehicle market. Previously, until 2016, Nick was Chairman of Oxford BioMedica plc, a pioneer of gene and cell therapy and a leader in lentiviral vector research, development and bioprocessing.

Statement of Compliance

Disclosure of those principles recommended for the Annual Report and Accounts under the QCA Code

Principle 1: Establish a strategy and business model which promotes long-term value for shareholders
The Company has a rolling three-year detailed strategic plan that is updated and approved by the Board annually. This is supported by an annual operating plan, which is also subject to Board review.

The Company's Strategic Report, comprising the Chair's Statement, Chief Executive Officer's Review, Chief Financial Officer's Review and an assessment of principal risks and uncertainties and key performance indicators can be found on pages 2 to 20 of this Annual Report and Accounts.

Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation
Risks are considered as part of the strategic planning process referred to above. The CEO is also ultimately responsible for the quality management of the Company and reports to the Board on key matters. The Board will periodically receive presentations on specific operational and financial risks.

The principal risks and uncertainties of the Group are summarised on pages 17 to 18 of this Annual Report and Accounts.

Principle 5: Maintain the Board as a well-functioning, balanced team led by the Chair
The Board consists of two executive directors, the non-executive Chairman and four further non-executive directors. Only the four non-executive directors are considered to be independent.

The non-executive Chair holds some shares, especially from his time as the Group's CEO. Three of the other four non-executive directors hold shares as of the date of this report. These holdings are not considered material.

All Directors are expected to devote sufficient time to their duties as may be necessary. Typically, this would be around two days per month for the non-executive directors.

The Board is provided with monthly business and finance reports from the CEO and CFO respectively. Further information will be given to the Board for discussion at meetings as relevant.

The Board is supported by three sub-committees: the Audit Committee, the Remuneration Committee and the Nomination Committee. All non-executive directors sit on all sub-committees. Board and Committee attendance for 2023 is as follows:

	Board[1]	Audit	Nomination	Remuneration
No. of Meetings	11	3	4	6
Steven Powell	11	–	4	6
Matthew Stork	11	–	–	–
Stephen Symonds	11	–	–	–
Richard Bungay	10	3	4	6
Debra Leeves	10	3	4	6

1. Three additional supplemental Board meetings were held in the year.

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

Profiles of each of the Directors are on pages 23 to 24. See the Report of the Nomination Committee on page 27 to 28 for details of the Group's non-executive director appointments.

Principle 7: Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

Since the Company's listing in 2013, board evaluation has been an informal process led by the Chairman and principally consisting of one-on-one meetings to gather, compare and consider the views of each of the directors. This approach has, to date, been deemed appropriate given the small size of the Company. On adoption of the QCA code, the Board intended to conduct formal internal performance reviews every year supplemented by an external evaluation review as required. The last review was undertaken in 2023.

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

The Board ensures that the Company culture is based on ethical values through the following means:

- The employee handbook clearly setting out values and employment codes
- All new employees benefit from an induction programme which emphasises our ethical values and behaviours
- These behaviours are re-iterated through the various employee communication and reward channels
- Particular training on topics relating to ethical behaviour, ranging from compliance in clinical trials to share dealing rules are given at regular intervals and attendance monitored
- Standard Operating Procedures ('SOPs') that outline the Company's processes and the values that underpin them are required to be read by employees and documentation of compliance maintained
- Receiving monthly reports from human resources and other departments to ensure that any instances of behaviours not being recognised or respected are considered and resolved appropriately

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

Descriptions of the work of the Board and its Committees is provided below. The Remuneration Report is on pages 29 to 31.

Further information on the Company's corporate governance framework, including on those principle of the QCA code not listed here can be found at *http://www.cambridgecognition.com/investors/corporate-governance/*

Committee Reports

The Board is supported by three sub-committees, the Audit Committee, Nomination Committee and Remuneration Committee.

Audit Committee

The Audit Committee's responsibilities include making recommendations to the Board on the appointment of the Company's auditors, approving the auditor's fees, safeguarding the objectivity and independence of the auditors, reviewing the findings of the audit and monitoring and reviewing effectiveness of the Company's systems of risk management and internal control. The Audit Committee is also responsible for monitoring the integrity of the financial statements of the Company, including its annual and half yearly reports and interim management statements.

The main issues considered by the Committee during the year in relation to the financial statements included the appropriateness of revenue recognition policies, fair value of investments, adequacy of systems of internal control, fair values arising from business combination, review for impairment of goodwill and going concern analysis. The Committee notes the auditors' inclusion of revenue recognition and valuation of acquired intangible assets under business combinations as the key audit matters.

No significant fees were paid in the year to the auditors for services other than audit. The independence and objectivity of the auditors is important to the Company and the Committee keeps track of fees paid to the auditors for any change in this position. Periodically the Audit Committee Chair speaks directly with the audit partner to set out the needs of the Committee and to receive any feedback without the presence of any Executive Directors.

The Committee also reviews the Group's risk management and continues to believe that the Group's risk management strategy properly addresses the main risk areas.

Nomination Committee

The Nomination Committee's responsibilities include reviewing the structure, size and composition of the Board, making recommendations to the Board concerning membership of Board committees and identifying and nominating candidates for the Board for Board approval. Every director appointed by the Board is subject to re-election by the shareholders at the AGM following their appointment and every third AGM thereafter.

Remuneration Committee

The Remuneration Committee's responsibilities include determining the remuneration of the executive directors, reviewing the design of all share incentive plans and determining each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to executive directors and the performance targets to be used. Annual performance evaluation is based on targets set at the outset of each year and bonuses paid, as appropriate, in line with the agreed incentive plan.

Appointment of Non-Executive Directors

The Nomination Committee advises the Board on appointment of new Board members. In 2023, the Committee identified the need for additional experience and a wider range of views on the Board to support plans for growth, and due to the increased size and complexity of the Group and its operating environment. A search was initiated for a new independent Non-Executive Director. The key criteria was recent, relevant experience of AIM listed companies and the biotech sector, and commercial, investor relations and financial expertise.

The Committee interviewed multiple potential candidates before recommending to the Board the appointment of Stuart Gall and Nick Rodgers. The Committee believe that these appointments will provide strengthened governance, succession for possible future rotation of Board members, and ensure that the majority of the Board now consists of independent Non-Executive Directors.

Stuart Gall and Nick Rodgers will stand for election at the 2024 AGM.

Audit tender and appointment

The Audit Committee advises the Board on the appointment of the external auditor. Grant Thornton UK LLP had been the Company's auditor for ten years since its incorporation in 2012, and was the auditor of related Group companies since the year ended 31 December 2006.

A competitive tender process was undertaken during 2023. The key criteria in the Audit Committee's considerations were audit quality, experience with AIM-listed and technology companies, audit approach and value for money.

The Audit Committee recommended the appointment of Crowe UK LLP to the Board, who were duly appointed as auditors for the year ended 31 December 2023.

A proposal for the reappointment of Crowe UK LLP will be put forward at the 2024 AGM.

Remuneration Committee Report

The Committee makes recommendations to the Board. No director plays a part in any discussion about their own remuneration.

The Company is not required to publish a Directors' Remuneration Report, but the below information is given in the interests of transparency and good governance.

Components of Executive Directors' remuneration

Executive remuneration packages are prudently designed to attract, motivate and retain directors of the high calibre needed to enhance the Group's market position and to reward them for increasing value to shareholders. The performance measurement of the executive directors and key members of senior management and the determination of their annual remuneration package are undertaken by the Committee.

There are five main elements of the remuneration package for the executive directors and senior management:

- Basic annual salary;
- Benefits-in-kind;
- Annual bonus payments;
- Share option incentives; and
- Pension arrangements.

Non-Executive Directors' remuneration

The remuneration of Non-Executive Directors is determined by the Board and reflects their anticipated time commitment to fulfill their duties. The Non-Executive Directors' remuneration is subject to the same principles of the Groups Remuneration policy. The letters of appointment of Non-Executive Directors can be terminated with one month's notice given by either party.

Directors' remuneration (audited)

The remuneration of the Directors was as follows:

	Salary / Fees	Benefits	Bonus[2]	Pension	Share options	2023	2022[3]
Executive Directors							
Matthew Stork	274	-	88	17	49	428	392
Stephen Symonds[1]	208	1	71	14	22	316	191
Total Executive Directors	482	1	159	31	71	744	583
Non-Executive Directors							
Steven Powell	45	-	-	-	-	45	45
Richard Bungay	30	-	-	-	-	30	30
Debra Leeves	30	-	-	-	-	30	30
Total Non-Executive Directors	105	-	-	-	-	105	105
Total	**587**	**1**	**159**	**31**	**71**	**849**	**688**

1. Appointed 3 August 2022. | **2.** Includes a true up of bonus paid in the year ended 31 December 2022 for Matthew Stork (£23,000) and Stephen Symonds (£15,000). | **3.** Remuneration for the year ended 31 December 2022 has been restated to include share options. This has increased 2022 remuneration for Matthew Stork (£50,000) and Stephen Symonds (£15,000).

Share options

Director	Granted	Number of Options	Performance criteria	Exercise price in pence	Exercise period
Steven Powell	July 2015	62,500	Vested (1)	82.5 pence	To July 2025
Matthew Stork	October 2019	392,858	Vested (2)	28 pence	To October 2029 (9)
Matthew Stork	June 2020	196,429	Vested (3)	28 pence	To June 2030 (9)
Matthew Stork	November 2020	103,774	Vested (4)	53 pence	To November 2030 (9)
Matthew Stork	April 2021	90,000	(5)	125 pence	April 2024 to March 2031
Matthew Stork	November 2021	40,000	(6)	140 pence	November 2024 to October 2031
Matthew Stork	July 2022	171,297	(7)	1 pence	July 2025 to July 2032
Matthew Stork	December 2023	190,839	(8)	1 pence	December 2026 to December 2033
Stephen Symonds	July 2022	152,671	(7)	1 pence	July 2025 to July 2032
Stephen Symonds	December 2023	158,778	(8)	1 pence	December 2026 to December 2033

1. Options vested once the average of the closing price of an Ordinary Share in the Company over two consecutive dealing days, as derived from the London Stock Exchange Daily Official List, equalled or exceeded 120 pence. This condition was fulfilled on 4 May 2017.

2. 50% of these options vested if the average closing mid-market price of an Ordinary Share for any three month period before 30 September 2022 exceeded 100 pence and on the last day of that period exceeded 90 pence. 50% of these options vested if the average closing mid-market price of an Ordinary Share for any three month period before 30 September 2022 exceeded 150 pence and on the last day of that period exceeded 135 pence. These conditions were fulfilled on 30 September 2022.

3. 50% of these options vested if the average closing mid-market price of an Ordinary Share for any three month period before 31 May 2023 exceeded 77.5 pence and on the last day of that period exceeded 70 pence. 50% of these options vested if the average closing mid-market price of an Ordinary Share for any three month period before 30 September 2022 exceeded 115 pence and on the last day of that period exceeded 105 pence. These conditions were fulfilled on 14 June 2021.

4. 50% of these options vested if the average closing mid-market price of an Ordinary Share for any three month period before 31 May 2023 exceeded 90 pence and on the last day of that period exceeded 80 pence. 50% of these options vested if the average closing mid-market price of an Ordinary Share for any three month period before 30 September 2022 exceeded 130 pence and on the last day of that period exceeded 115 pence. These conditions were fulfilled on 1 July 2021.

5. 50% of the Options granted will vest if the average closing mid-market price of an Ordinary Share for any three month period exceeds 142 pence, with the price on the last day of that period being at least 120 pence, and the last day of this period being no later than 30 April 2024. 50% of the Options granted will vest if the average closing mid-market price of an Ordinary Share for any three month period exceeds 170 pence, with the price on the last day of that period being at least 145 pence, and the last day of this period being no later than 30 April 2024.

6. 50% of the Options granted will vest if the average closing mid-market price of an Ordinary Share for any three month period exceeds 170 pence, with the price on the last day of that period being at least 145 pence, and the last day of this period being no later than 30 April 2024. 50% of the Options granted will vest if the average closing mid-market price of an Ordinary Share for any three month period exceeds 170 pence, with the price on the last day of that period being at least 145 pence, and the last day of this period being no later than 30 April 2024.

7. 50% of the Options granted will vest if the Company exceeds compound annual growth targets in adjusted revenue over the performance period, being the 3 year financial year ending 31 December 2024. 50% of the Options granted will vest if the Total Shareholder Return (TSR) is in excess of the median value of the TSR Comparator Group.

8. 50% of the Options granted will vest if the Company exceeds compound annual growth targets in adjusted revenue over the performance period, being the 3-year financial year ending 31 December 2025. 50% of the Options granted will vest if the Total Shareholder Return (TSR) is in excess of the median value of the TSR Comparator Group.

9. The life of these options has been extended to 10 years, to align with the Group's standard practice.

Directors' Report

The Directors present their report on the affairs of the Group and Company together with the financial statements for the year ended 31 December 2023. The Group financial statements are prepared in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006.

Some matters required to be included in the Directors' Report have been included in the Strategic Report as the Directors consider them to be of strategic importance. These are:

- details on important events affecting the Company during the year;
- details on likely future business developments; and
- details of research and development activities.

Dividends

The Directors do not recommend the payment of a dividend (2022: £nil).

Principal activities

Cambridge Cognition Holdings plc ('the Company') and its subsidiaries (together, 'the Group') specialises in improving brain health by developing and marketing near-patient cognitive testing techniques.

Going concern and financial risk management

The Directors have assessed the Group's ability to continue as a going concern through to 30 June 2025. Three working capital models were prepared: a base case, a downside case and a reverse stress case. Under both the base and downsides case the Group remains cash positive and is able to meet all financial obligations as they fall due. Under the reverse stress case, the Group needed to reduce sales orders by 31% from the base case in order to reduce cash to nil. The Directors believe a downside this severe is extremely unlikely.

The Directors believe that the Group will remain a going concern for the foreseeable future. Accordingly, the accounts have been prepared on the going concern basis. More details are given in note 2.2 to the financial statements.

Further information on the Group's financial risk management strategy can be found in note 30 to the accounts.

Share issues

The issued share capital of the Company is set out in note 25 to the accounts. Subsequent to the year end the Company issued 189,263 ordinary shares due to the exercise of employee share options.

Directors

The Directors who held office at 31 December 2023 and their interest in the share capital of the Company were:

	Ordinary Shares of 1p each		
Name	**30 April 2024**	**31 December 2023**	**31 December 2022**
Steven Powell (Chair)	226,375	226,375	216,375
Matthew Stork	161,450	161,450	147,950
Stephen Symonds	32,950	32,950	22,950
Richard Bungay	10,000	10,000	-
Stuart Gall	-	-	-
Debra Leeves	60,000	60,000	50,000
Nick Rodgers	20,000	-	-

No other directors served during the year. Biographies and appointment dates are available on pages 23 to 24, details of remuneration are available in the Remuneration Report on pages 29 to 31.

Directors' remuneration and share options

Details of Directors' remuneration and share options are provided within the Remuneration Report and are in addition to the interests in shares shown above.

Directors' responsibilities for the financial statements

The Directors are responsible for preparing the Strategic Report, the Report of the Directors, the Remuneration 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. Under that law, the Directors have to prepare the Group financial statements in accordance with UK-adopted international accounting standards ('IFRS) and have elected to prepare the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice and applicable law including FRS 101 'Reduced Disclosure Framework'. 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 and of the profit or loss of the Company and Group for that year. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the applicable IFRSs, or for the Parent Company, UK Generally Accepted Accounting Practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware and
- the Directors have taken all steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

Directors' indemnity arrangements

During the year the Company purchased Directors' and Officers' liabilities insurance in respect of itself and its Directors.

Auditor

A resolution to re-appoint Crowe UK LLP as the Company's auditor will be proposed at the forthcoming Annual General Meeting. In accordance with normal practice, the Directors will be authorised to determine the Auditor's remuneration.

Approved by the Board of Directors and signed on behalf of the Board.

Stephen Symonds
Chief Financial Officer and Company Secretary
31 May 2024

Independent Auditor's Report to the Members of Cambridge Cognition Holdings plc

We have audited the financial statements of Cambridge Cognition Holdings plc (the "Parent Company") and its subsidiaries (the "Group") for the year ended 31 December 2023, which comprise:

- the Consolidated Statement of Comprehensive Income for the year ended 31 December 2023;
- the Consolidated and Parent Company Statements of Financial Position as at 31 December 2023;
- the Consolidated and Parent Company Statements of Changes in Equity for the year then ended;
- the Consolidated Statement of Cash Flows for the year then ended; and
- the Notes to the Financial Statements, including material accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK-adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

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 December 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 Generally Accepted Accounting Practice; 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 the 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.

Independent Auditor's Report to the Members of Cambridge Cognition Holdings plc

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.

The going concern assessment period used by the Directors was at least 12 months from the date of the approval of the financial statements. We assessed the appropriateness of the approach, assumptions and arithmetic accuracy of the model used by the management when performing their going concern assessment.

We evaluated the Directors' assessment of the Group's and Parent Company's ability to continue as a going concern, including but not limited to:

- Obtained and reviewing management's going concern assessment.
- Gaining an understanding of management's basis for the identification of events or conditions that may cast a significant doubt on the ability of the Group to continue as a going concern, and whether a material uncertainty related to going concern exists;
- Assessed the reasonableness of projected cashflow and working capital assumptions and evaluating the revenue and cost projections underlying the cashflow model.
- Tested the numerical accuracy of the models used by management in their going concern assessment.
- Assessed the reasonableness of management's working capital scenarios forecasts, including comparison to actual results achieved in the year.
- Considered potential downside scenarios and the resultant impact on available funds.
- Inquired with management if there are any events or conditions beyond assessment period which may cast doubt on the entities ability to continue as a going concern.
- Compared forecasted post year end financials to management accounts.
- Evaluated the key assumptions used and judgements applied by the directors in forming their conclusions on going concern.
- Challenged with management whether the assumptions are realistic, achievable and consistent when compared to past performance and other information used during the audit.
- Evaluating the appropriateness of the directors' disclosures in the financial statements.

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 and 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.

Overview of our audit approach

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the Group financial statements as a whole to be £130,000 (2022: £230,000), based on 1% of Group turnover. Materiality for the Parent Company financial statements as a whole was set at £70,000 (2022: £98,000) based on Parent Company's Total Assets. Turnover is the most appropriate reflection of the Group's activity and a key performance indicator. Total assets has been identified as the principal benchmark within the Parent Company financial statements as it is a holding company with no trade.

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment. This is set at £91,000 (2022: £160,000) for the group and £49,000 (2022: £68,000) for the parent.

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors' remuneration.

We agreed with the Audit Committee to report to it all identified errors in excess of £6,500 (2022: £11,500). Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

Overview of the scope of our audit

Cambridge Cognition Holdings plc is located in the United Kingdom. We performed full scope audits of the four significant components as well as the Parent Company using a component materiality. The operations of one of Group's subsidiaries is based in South Africa, on which specific audit procedures have been performed by us.

Independent Auditor's Report to the Members of Cambridge Cognition Holdings plc

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, 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) that we identified. These matters included 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.
This is not a complete list of all risks identified by our audit.

Key audit matter	How the scope of our audit addressed the key audit matter
Revenue Recognition (see notes 2.3 and 6) We identified revenue recognition as one of the most significant assessed risks of material misstatement due to fraud. We focus on the risk of material misstatement in the recognition of revenue because revenue is an important determinant of the group's profitability. Revenue should be recognised in accordance with the accounting policy set out in the financial statements. The revenue is recognised over time for the service contracts. The company assesses the services promised in a contract and identifies the performance obligation. They estimate the level of completion, based on how much of the performance obligations are satisfied.	We performed the following audit procedures 1. Obtained an understanding of the control environment around the revenue process and reviewed the design and implementation of relevant controls. 2. We agreed, via our sample testing, that revenue is recognised in accordance with the stated accounting policies and that such policies are in compliance with IFRS 15 Revenue from Contracts with Customers. 3. We selected a sample of contracts with customers and performed the following procedures: - Obtained and read contract documents for each selection. - Identified significant terms and deliverables in the contract to assess management's conclusions regarding the identification of performance obligations. - Inspected the evidence that the service has been provided and the revenue has been recognised over time, correctly deferred or accrued. Any variances identified have been inquired and necessary justifications have been substantiated. - The evidence included obtaining evidence for the study start dates and estimated completion dates or the change therein. - For studies where the revenue was recorded on a straight-line basis, recalculation of revenue has been performed based on expected length of the study and compared with management's recognition. 4. For a separate sample of invoices raised during the year, we have traced their receipt to bank statements to agree that they were paid.

Key audit matter	How the scope of our audit addressed the key audit matter
Valuation of acquired intangibles assets under Business Combination (see Note 15) During the financial year, Cambridge Cognition Holdings plc acquired Winterlight Labs Inc, Canada for a consideration of £7.0m and the transaction has been accounted as a business combination. Auditing management's allocation of purchase price as well determining fair values of intangible assets created, include significant judgements and estimates.	Our procedures include: - Identified the intangible assets acquired as a result of the business combination and assessed that the valuation methodology was appropriate and assumptions involved were reasonable. - Assessment of forecasts include key inputs like growth rates, discounts rates and projected cash flows and whether they are reasonable. - Evaluated the competence and independence of the expert engaged by the company to assist in the purchase price allocation and whether they have been provided with accurate and complete data. - Involved our own valuation specialist to evaluate the management's intangible assets valuation. They assessed the measurement bases used to estimate the fair values of the intangibles assets by the expert engaged. - Assessed the Group's disclosures regarding the business combination undertaken.

Our audit procedures in relation to these matters were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on these matters individually and we express no such opinion.

Other information

The directors are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the 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.

Independent Auditor's Report to the Members of Cambridge Cognition Holdings plc

Opinion on other matter prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our 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 directors' report and strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In 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 where 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.

Responsibilities of the directors for the financial statements

As explained more fully in the directors' responsibilities statement as set out on pages 33 to 34,, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and 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 however the primary responsibility for the prevention and detection of fraud lies with management and those charged with governance of the company.

We obtained an understanding of the legal and regulatory frameworks within which the company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and taxation legislation in the countries in which the group operates.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management and revenue recognition. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, ensuring policies are appropriate under the relevant accounting standards and applicable law, a thorough review and assessment of revenue recognition on selected samples of projects to ensure the revenue recognition is based on accounting policy identified, corroborating balances recognised to supporting documentation on a sample basis ensuring those policies are followed and reviewing accounting estimates for biases.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Leo Malkin (Senior Statutory Auditor)
for and on behalf of
Crowe U.K. LLP
Statutory Auditor
London
31 May 2024

Consolidated Financial Statements

Consolidated Statement of Comprehensive Income

	Notes	31 December 2023 £'000	31 December 2022 £'000
Revenue	6	**13,515**	12,613
Cost of sales		**(2,717)**	(3,291)
Gross profit		**10,798**	9,322
Research and development expense		**(3,847)**	(2,285)
Sales and marketing expense		**(2,983)**	(2,528)
Administrative expense		**(6,139)**	(4,803)
Non-recurring items	11	**(1,456)**	(479)
Total operating expense		**(14,425)**	(10,095)
Other operating income	7	**322**	156
Operating loss		**(3,305)**	(617)
Adjusted operating (loss)/profit		**(1,128)**	68
Adjusting items[1]		**(2,177)**	(685)
Operating loss		**(3,305)**	(617)
Interest receivable	12	**16**	9
Finance costs	12	**(168)**	(16)
Loss before tax		**(3,457)**	(624)
Tax (expense)/credit	13	**(51)**	215
Loss for the year		**(3,508)**	(409)
Other comprehensive loss			
Items that may subsequently be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		**(210)**	(302)
Items that may not subsequently be reclassified to profit or loss:			
Fair value movements in equity investments	19	**107**	-
Total comprehensive loss for the year		**(3,611)**	(711)
Loss per share (pence)			
Basic	14	**(10.1)**	(1.3)
Diluted	14	**(10.1)**	(1.3)

All items of income are attributable to the equity holders in the Parent.

The above results relate to continuing operations.

1. Adjusting items comprise amortisation of acquisition related intangible assets of £561,000 (2022: £32,000), non-recurring items of £1,456,000 (2022: £479,000) and share-based payments of £160,000 (2022: £174,000). See note 11 for further details on non-recurring items and note 17 for other intangible assets.

Consolidated Statement of Financial Position

	Notes	At 31 December 2023 £'000	At 31 December 2022 £'000
Assets			
Non-current assets			
Goodwill	16	**3,653**	482
Other intangible assets	17	**4,089**	939
Property, plant and equipment	18	**133**	188
Investments	19	**156**	49
Trade and other receivables	21	**20**	-
Total non-current assets		**8,051**	1,658
Current assets			
Inventories	20	**187**	216
Trade and other receivables	21	**2,417**	4,680
Current tax receivable		**351**	231
Cash and cash equivalents	26	**3,222**	8,322
Total current assets		**6,177**	13,449
Total assets		**14,228**	15,107
Liabilities			
Current liabilities			
Trade and other payables	23	**2,603**	2,718
Deferred income on contracts with customers	6	**7,699**	12,294
Loans and borrowings	24	**566**	-
Current tax payable		**99**	-
Total current liabilities		**10,967**	15,012
Non-current liabilities			
Loans and borrowings	24	**1,978**	-
Total non-current liabilities		**1,978**	-
Total liabilities		**12,945**	15,012
Equity			
Share capital	25	**350**	312
Share premium		**15,169**	11,151
Other reserves	25	**5,613**	5,823
Own shares	25	**(71)**	(71)
Retained earnings		**(19,778)**	(17,120)
Total equity		**1,283**	95
Total liabilities and equity		**14,228**	15,107

The financial statements on pages 42 to 87 were approved by the Board of Directors and authorised for issue on 31 May 2024 and were signed on its behalf by:

Stephen Symonds
Chief Financial Officer

Company number
08211361

Consolidated Statement of Changes in Equity

	Notes	Share capital £'000	Share premium £'000	Other reserves £'000	Own shares £'000	Retained earnings £'000	Total £'000
At 1 January 2022		312	11,151	6,125	(78)	(16,878)	632
Loss for year		-	-	-	-	(409)	(409)
Other comprehensive loss							
Exchange differences on translation of foreign operations		-	-	(302)	-	-	(302)
Total comprehensive loss for the year		-	-	(302)	-	(409)	(711)
Transactions with owners							
Transfer of own shares		-	-	-	7	(7)	-
Credit to equity for share-based payments	28	-	-	-	-	174	174
Transactions with owners		-	-	-	7	167	174
At 31 December 2022		312	11,151	5,823	(71)	(17,120)	95
Loss for the year		-	-	-	-	(3,508)	(3,508)
Other comprehensive loss							
Exchange differences on translation of foreign operations		-	-	(210)	-	-	(210)
Fair value movements in equity investments		-	-	-	-	107	107
Total comprehensive loss for the year		-	-	(210)	-	(3,401)	(3,611)
Transactions with owners							
Issue of new shares in relation to business combinations	15, 25	34	3,966	-	-	-	4,000
Issue of new shares in relation to exercise of employee share options	25	4	52	-	-	-	56
Credit to equity for share-based payments	28	-	-	-	-	160	160
Post-combination remuneration	15	-	-	-	-	309	309
Issue of warrants	24	-	-	-	-	274	274
Transactions with owners		38	4,018	-	-	743	4,799
At 31 December 2023		**350**	**15,169**	**5,613**	**(71)**	**(19,778)**	**1,283**

Consolidated Statement of Cash Flows

	Notes	**Year to 31 December 2023 £'000**	Year to 31 December 2022 £'000
Net cash flows (used in)/generated from operating activities	26	**(4,967)**	1,668
Investing activities			
Acquisition of subsidiary, net of cash acquired	15	**(3,002)**	-
Interest received	12	**16**	9
Purchase of property, plant and equipment	18	**(33)**	(189)
Net cash flow used in investing activities		**(3,019)**	(180)
Financing activities			
Proceeds from borrowings, net of fees incurred	24	**3,054**	-
Proceeds from exercise of share options		**56**	1
Repayment of borrowings	26	**(116)**	(133)
Interest payments		**(109)**	-
Net cash flows generated from/(used in) financing activities		**2,885**	(132)
Net (decrease)/increase in cash and cash equivalents		**(5,101)**	1,356
Cash and cash equivalents at start of year		**8,322**	6,810
Exchange differences on cash and cash equivalents		**1**	156
Cash and cash equivalents at end of year	26	**3,222**	8,322

Notes to the Consolidated Financial Statements

1. General information

Cambridge Cognition Holdings plc ('the Company') and its subsidiaries (together, 'the Group') develops and markets digital solutions to assess brain health.

The Company is a public limited company which is listed on the AIM market of the London Stock Exchange (symbol: COG) and is incorporated and domiciled in the UK. The address of its registered office is Tunbridge Court, Tunbridge Lane, Bottisham, Cambridge, CB25 9TU.

2. Significant accounting policies

2.1. Basis of preparation

The consolidated financial statements have been prepared in accordance with UK-adopted international accounting standards. The accounting policies adopted are consistent with those followed in the preparation of the consolidated financial statements for the year ended 31 December 2022, except as stated in note 3. The financial statements have been prepared under the historical cost convention. The accounts are presented in Pounds Sterling ('£'), and to the nearest £1,000.

The subsidiary undertakings included within the consolidated financial statements as at 31 December 2023 are given in note 19.

The consolidated financial statements incorporate the results of the Company and of its subsidiaries. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. All of the Group's subsidiaries are wholly owned.

The Group has made the following changes to the presentation of the Consolidated Statement of Comprehensive Income and Consolidated Statement of Financial Position, which have resulted in restatements of prior period balances:

- Consolidated Statement of Comprehensive Income: the Group previously combined Research and development expense, Sales and marketing expense and Administrative expense (excluding non-recurring items) into Administrative expense (excluding non-recurring items). These have been separately presented in 2023 to better present the nature of the expenditure. The overall operating loss for 2022 remains unchanged.
- Consolidated Statement of Financial Position: the Group previously combined Goodwill and Other intangible assets within Intangible assets. These have been separately presented in 2023 due to their materiality. The overall total and net asset balance for 2022 remain unchanged.
- Consolidated Statement of Financial Position: the Group previously combined Trade and other payables and Deferred income from contracts with customers within Trade and other payables. These have been separately presented in 2023 due to their materiality. The total liability and net asset balances for 2022 remain unchanged.

2.2. Going concern

In adopting the going concern basis for preparing the financial statements, the Directors have considered business activities in the context of the current operating environment. To support the going concern conclusion, the Directors have developed several working capital models covering from the signing of these financial statements through to 30 June 2025. The specific scenarios modelled are:

Scenario	Outcome
Base case Based upon the Group's most recent Board approved forecasts.	The Group maintains a positive cash balance throughout the going concern period. The Group is able to meet all forecasted obligations as the fall due.
Downside case A downside scenario where sales orders in 2024 are 22% below expectations per the base case. This also includes the impact of certain mitigating actions that the Group would implement in a downside scenario.	The Group maintains a positive cash balance throughout the going concern period. The Group is able to meet all forecasted obligations as the fall due.
Reverse stress case A scenario modelled to determine the minimum value of sales orders required for the Group to maintain a positive cash balance over the going concern period. This includes the impact of direct cost savings as noted in the downside case and also excludes the impact of any expansionary expenditure.	This required a reduction in total sales orders of 31% from the base case over the going concern period, with the Group's cash balance reducing to nil in Q2 2025. The Directors believe that the possibility of a downside this severe to be remote, and that there are several additional actions that could be taken before cash reduced to a level that it would be unable to operate.

The financial statements for the year ended 31 December 2023 have therefore been prepared on the going concern basis of accounting.

2.3. Revenue recognition

Revenue is accounted for in accordance with IFRS 15 'Revenue from contracts with customers'.

To determine whether to recognise revenue, the Group follows a five-step process:

- Identifying a contract with a customer
- Identifying the performance obligations
- Determining the transaction price
- Allocating the transaction price to the performance obligations
- Recognising revenue when or as performance obligations are satisfied

The Group often enters into contracts where a bundle of products or services are provided. Contracts are assessed and obligation(s) are separated by applying the five steps to each element of the contract to decide how revenue should be recognised. The Group's portfolio of products and services each have defined characteristics and performance obligations that inform revenue recognition decisions and the policy applied.

Notes to the Consolidated Financial Statements

Management assesses the value of the standalone transaction prices of each unbundled element and believe them to be appropriately reflected in the contract prices for the respective element, which are the result of arm's length market price negotiations with customers. Each are capable of being sold and used by customers individually, and each are clearly identified within the contract. These values are then used for revenue recognition judgements related to the performance of obligations which fall within one of the accounting policies stated below depending upon the specific characteristic of that contract. Each of these are described below.

The timing of payments received from customers is based on contractual terms, is typically received at multiple points throughout a contract and does not necessarily match the timing of revenue recognition. To the extent that payments are received ahead of income recognition, these amounts are carried within the Consolidated Statement of Financial Position as Deferred income on contracts with customers. Where payments are received after revenue recognition these are carried in the Consolidated Statement of Financial Position within Trade and other receivables as Accrued income from contracts with customers.

Software

The Group sells licences to use its software and/or its software hosting platform. These licences can take different forms, which are described in turn below:

***Hosted software licences*:**

Where software is hosted on the Group's servers the revenue is recognised over a period of time, as there is a continuing performance obligation to provide services (e.g. to ensure servers are available). Customers also benefit from software and service enhancements which improve the functionality of the software during the licence period. These improvements are not standalone products and are included in the originally contracted price and so are not accounted for separately.

- For contracts where the software value is greater than or equal to £20,000, and software is sold on a cost per assessment basis, the Group uses the assessment price to recognise revenue as the assessments are used, as this represents the customers' consumption of their benefits of the contract, and the Group's simultaneous performance of its obligations.
- For contracts where the software value is less than £20,000, and software is sold on a cost per assessment basis, the Group uses a portfolio estimate of the revenue being recognised over 12 months. This period has been chosen as it best represents the average life of this portfolio of contracts.
- For contracts where the licence is sold for unlimited uses over a limited period of time, the revenue is taken equally over the course of the licence period.

***Software breakage*:**

Software is generally sold as non-refundable and so at the end of a contract any remaining deferred software revenue is taken to the income statement. In addition, breakage will also be taken where software assessments on a project have not been used for 12 months, and management is not able to establish that the related project is ongoing.

***Non-hosted software licences*:**

Where software is not hosted on the Group's servers, it is used as it exists at the point in time the licence is granted and as such revenue is recognised at that point in time. The time of recognition is once the licence has been delivered to the customer, either through delivery of a physical software key or installation on the client systems, as this is when the customer takes control of the asset and can direct its use. It is also when the Group's performance obligations are satisfied as the Group is not responsible for hosting the software and is unable to make further software enhancements.

Services

The Group provides a range of services that include supporting clinical studies, bespoke software development and scientific consultancy. Some services are ongoing services provided over a period of time, whilst some are clearly tied to a deliverable or other project milestone. The Group recognises the revenue from services over time only where it has the right to payment for services as they are performed.

***Services delivered at a point in time*:**

Some services, such as training and delivery of scientific reports are delivered at a point in time and as such are recognised at a point in time, as the performance obligation is discharged on delivery, as this is when the customer obtains control of the related asset or consumes the benefit.

***Services delivered over a period of time*:**

When services are delivered over a period of time (e.g. study support services) the revenue is recognised equally over the relevant period, as the customer has access to the benefit of those services, using the output method. In some instances, the period in question may be for the life of the contract, and in these instances management will estimate the length of the contract for this purpose, and hence can measure the proportion of time passed to measure the value of revenue that can be recognised. When that estimate changes, revenue that has not yet been recognised will be adjusted prospectively to match the revised estimate. Study support services can be separated into set-up, ongoing management and close out phases with separate performance obligations. Where material and clearly identifiable, these phases will be recognised separately. Where immaterial or not clearly identifiable, these revenues will be recognised evenly over the course of the total relevant period.

In some cases, whilst the end product is a specific deliverable, it may be that the work required is executed over an extended period of time. In these cases, management may make an estimate of revenue earned to date considering the progress towards satisfying the performance obligation. This will normally be measured by the output method – i.e. what proportion of the deliverable has been completed. This is measured by observable milestones, for example story-points completed in a software build or over time where such observable milestones do not exist.

***Customer support services*:**

Aside from any specific services contracted, customers have access to the Group's customer support team should they have problems with their software. The life of this support matches the life of the software licence (as support can only be required whilst a licence is held), and as such this support is not separated from the software licence revenue recognition as described above.

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Hardware

The Group does not manufacture hardware, but will acquire, configure and sell hardware to customers. Hardware revenue is recognised when hardware is despatched to the customer.

Bill and hold arrangements:
On some occasions, a customer may ask that we purchase and configure hardware on their behalf and then store the hardware awaiting specific despatch instructions. In these cases, the customer assumes ownership of the assets even though they may still be in the Group's physical possession. Once ownership has been passed to the customer, the Group will recognise this hardware revenue, even though the hardware has not yet been despatched.

2.4. Non-GAAP measures

The Group presents Adjusted operating profit/loss on the face of the Consolidated Statement of Comprehensive Income, where it is reconciled to profit from operations. A non-GAAP measure of profit was not previously presented. Consequently, this measure has also been presented for previous periods within these financial statements for the first time. The Directors believe that this alternative measure of profit provides a reliable and consistent measure of the Group's underlying performance. Adjusted operating profit/loss is defined as operating loss/profit before:

- non-recurring items;
- amortisation of acquisition related intangible assets; and
- share-based payment charge.

Non-recurring items are identified by virtue of either their size or their nature. These items may include, but are not restricted to:

- fees associated with business combinations and integrations of acquired businesses;
- costs of significant restructuring exercises; and
- material impairments.

Further details of non-recurring items are provided in note 11.

Non-GAAP measures are not defined within International Financial Reporting Standards ('IFRS') and therefore may not be comparable with similarly titled measures of other companies. They are not intended to be a substitute for, nor superior to, GAAP measures.

2.5. Grants

Grants of a revenue nature are credited to profit and loss to match with the expenses incurred. Where the grant relates to payments for the use of the Group's products or resources to support broader projects, the grant is taken as other operating income.

2.6. Sales commissions

Commissions are accrued and subsequently paid based on the contractual terms reached with the salesperson. Commissions relate to the whole of the respective customer contract and so are apportioned on the same basis as revenue recognition. Where commissions are paid related to revenues that are not recognised in the same accounting period, the commission amount is capitalised and held as an asset on the balance sheet, before being expensed in proportion with the related revenue, which will be recognised in accordance with the policy in note 2.3 above.

2.7. Costs of sales

Cost of sales includes costs arising in meeting obligations to customers. The most significant items include direct staff costs associated with delivering revenue obligations, third party costs for services and hardware, sales commissions, and the costs of hosting customer data. All other costs are included within administration costs unless separate presentation on the face of the Consolidated Statement of Comprehensive Income is mandated.

2.8. Leasing

A contract contains a lease if the contract gives the Group the right to control the use of an asset for a period of time. On commencement of a lease, the lease liability is measured at the present value of the contracted lease payments, using an estimation of the Group's incremental cost of borrowing, or a rate implicit in the contract if that can be determined. Right-of-use assets are measured at cost comprising the amount of the initial investment of the lease liability and restoration costs. Subsequent to initial recognition, the lease liability is increased for the related finance charges and reduced for instalments paid. The asset is depreciated on a straight-line basis over the shorter of the length of the lease or the asset's useful life. Upon any subsequent modifications to the lease, the values are reassessed in line with the process outlined for commencement above. Where a lease ends it is eliminated from the recorded cost and depreciation values.

Where the Group enters into leases with a period of under 12 months, or for assets with a low value, these costs are recognised directly into the income statement.

2.9. Foreign currencies

The individual financial statements of each subsidiary are presented in the currency of the primary economic environment in which it operates (its functional currency). The UK pound is the functional currency of the Company and presentational currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions, with differences recorded in profit or loss. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date.

On consolidation, assets and liabilities have been translated into the UK pound at the closing rate at the reporting date. Income and expenses have been translated into the UK pound at the average monthly rates over the reporting period. Exchange differences are charged or credited to other comprehensive income and recognised in the Other reserves.

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2.10. Post-employment benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

2.11. Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date. Deferred tax is charged or credited in the profit or loss, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Research and Development tax credits

The Group applies for Research and Development tax credits in respect of each financial year. As the Group has an established history of successful claims, the credit is recognised when an estimated value can be reliably made. Where this qualifies for the UK SME R&D scheme, the tax credit is accounted for within the taxation charge or credit for the year.

The UK Research & Development Expenditure Credit (RDEC) is recognised in the income statement and netted off against Research and development expense as the RDEC is of the nature of a government grant.

2.12. Property plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is provided at rates calculated to write off the cost of assets, less their estimated residual value, over their expected useful lives on the following bases:

Asset category	Useful life
Leased buildings (right-of-use)	Period of contracted use (i.e. length of lease)
Leasehold improvements	Straight line over the lesser of 5 years or the term of the lease
Fixtures, fittings and equipment	25% - 33% per annum straight line

The gain or loss arising on the disposal of an asset is the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit and loss on the transfer of the risks and rewards of ownership.

2.13. Business combination, goodwill and other intangible assets

The Group uses the acquisition method of accounting for the acquisition of subsidiaries. The consideration is measured at the fair value of the assets given equity instruments issued and liabilities incurred or assumed at the date of exchange. Costs directly attributable to the acquisition are expensed in the year. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair value of net identifiable assets and liabilities acquired. Goodwill is measured at cost less accumulated impairment losses. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the profit or loss on the acquisition date.

Purchased licences

Where a licence for software used in the provision of services to customers is purchased and controlled by the Group, the amount is capitalised and amortised over the period of the licence as long as future economic benefits are expected. The amortisation charge is charged to cost of sales.

Internally-generated intangible assets – research and development expenditure

The Group undertakes research and development expenditure in view of developing new products. Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally generated intangible asset arising from the Group's development is recognised only if the Group can demonstrate all of the following:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete the intangible asset and use or sell it;
- its ability to use or sell the intangible asset;

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- how the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Amortisation

Amortisation is charged to the Consolidated Statement of Comprehensive Income to allocate the cost of intangible assets over their estimated useful economic lives, using the straight-line method.

The estimated useful economic lives of intangible assets are as follows:

Asset category	Useful life
Technology based assets	5-11 years
Marketing based assets	15 years
Customer based assets	7-10 years

Goodwill

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units ('CGU's) expected to benefit from synergies arising from the combination. CGUs to which goodwill has been attributed are tested for impairment annually, or more frequently when there is an indication that the CGU may be impaired. If the recoverable amount of the CGU is less than the carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the CGU. An impairment loss recognised for goodwill is not reversed in a subsequent period.

2.14. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the First-In-First-Out method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

2.15. Financial instruments

Financial assets and financial liabilities are recognised in the Group's Consolidated Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument. Financial assets (excluding investments held at fair value) and financial liabilities are initially measured at fair value, plus or minus directly attributable transaction costs.

Financial assets excluding investments held at fair value

Financial assets excluding investments held at fair value are subsequently measured at amortised cost. Accordingly, where the Group believes that there is a change in the value of a financial instrument (e.g. a trade receivable is considered unrecoverable) this amount will be adjusted through the profit or loss. A financial asset is derecognised once the contractual rights expire (e.g. when cash has been received for a trade receivable).

Expected credit losses on trade receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. The Group estimates expected credit losses by taking the credit losses over the preceding 36 months and comparing this to invoices raised over the same period. The historical rates are adjusted to reflect current conditions and the Group's view of economic conditions over the expected lives of the receivables. The percentage derived is then applied to the outstanding trade receivables and accrued income balances. The Group also reviews each receivable for specific circumstances which may raise doubt over its recoverability. This has resulted in an increase in the expected credit loss of £48,000 (2022: £nil). See note 30 for further details and an aging analysis.

Financial liabilities

All the Group's financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. Financial liabilities are derecognised when the related obligation is discharged, cancelled or expires.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognised as the proceeds are received, net of direct issue costs.

Warrant instruments

Upon entering into the term loan (see note 24) the Group issued warrants over the share capital of the Company. As these warrants are over a fixed number of shares and at a fixed exercise price, they are classified as equity instruments. The fair value of the warrants was determined using a Black-Scholes model. They were recognised in full within equity on the issue date.

2.16. Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 28.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

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2.17. Employee Benefit Trust

In order to facilitate the exercise of share options the Group maintains two Employee Benefit Trusts (EBTs). These are consolidated in accordance with IFRS 10. The costs of purchasing own shares held by the EBTs are deducted from equity under the 'Own Shares' reserve. Neither the purchase nor sale of own shares leads to a gain or loss being recognised in the Group's profit and loss or other comprehensive income. When shares are subsequently transferred to employees for less than their purchase price the difference is a realised loss recognised directly in reserves.

2.18. Investments

The Group measures equity investments at fair value, with changes in fair value recognised in other comprehensive income.

3. Adoption of new and revised standards

The Group has applied for the first time in the reporting period commencing 1 January 2023:

- IFRS 17 Insurance Contracts
- Definition of Accounting Estimates – Amendments to IAS 8
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12
- International Tax Reform-Pillar Two Model Rules – Amendments to IAS 12

These amendments did not impact the Group's financial statements.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Revenue recognition (judgement)

As noted in section 2.3 above, many of the judgements in relation to revenue recognition are directed by the characteristics of the contractual obligation being discharged. Accordingly, a limited amount of management judgement is required. Whilst these judgements do not carry a significant level of estimation uncertainty, they are nonetheless described below:

- The extent to which, and the way in which, contracts are separated into their component parts and the values attributed to those parts. This is based on the detail as per the contract, but other methods could be used that would yield different results;
- Whether software licences are granted to allow the customer the benefit of use of the Group's intellectual property over a period of time (including benefitting from future maintenance and improvements) or whether that right is given as the intellectual property exists at the point of time the licence is granted. In the case of the former, software is recognised over the period of use, for the latter revenue is recognised when the customer receives control of the licence;
- The adoption of the portfolio approach for lower value sales and the recognition criteria applied judgements of the upper limit (£20,000) and the period of recognition (12 months) impact the method of valuation and hence the amount recognised in the financial statements;
- Where performance obligations are satisfied over time, the length of time remaining for performance, and whether this needs revising over time. These judgements are based on best available information from customers at any given point in time, but can change given the nature of the customer's business; and
- The deferral and subsequent recognition of commissions in cost of sales, which is recognised in the same proportion as the revenue it is associated with.

Critical estimates and judgements in applying the Group's accounting policies

The following are the critical judgements that the Directors, supported by management have made in the process of applying the Group's accounting policies. Where estimation uncertainty exists, the Directors, supported by management, take account of all available information in forming their judgement.

Accounting for holding in Monument Therapeutics Limited (judgement)

Judgement is applied in determining whether the Group holds significant influence over Monument Therapeutics Limited and consequently whether the holding is accounted for as an associate or an investment. This requires consideration of the specific circumstances regarding the Group's holding, including:

- The Company holding over 20% of the voting shares in the entity.
- The rights that are conferred to the Company by the class of shares held.
- The ability of the Company to influence decisions, given Board composition and the independence of day-to-day operations.
- The profile of other shareholders, and the influence they are able to exert over the entity to the exclusion of the Company.

The Directors have determined that the Group does not hold significant influence over Monument Therapeutics Limited. This holding is therefore accounted for as an investment.

Fair value of investment in Monument Therapeutics Limited (estimate)

The Group reviews the fair value of its investment in Monument Therapeutics Limited on an annual basis, using level 3 fair value hierarchy inputs. The starting position for this assessment is the most recent fundraise for Monument Therapeutics Limited. The Group then applies adjustments to this valuation for:

- future dilution risk;
- operational progress since the last fundraise;
- changes in market conditions since the last fundraise; and
- the Group's lack of control compared to other shareholders.

The potential impact of identified adjustments upon the investment fair value involves a significant degree of estimation uncertainty. The outcome of this assessment is provided in note 19.

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Valuation of intangible assets identified as part of business combinations (estimate and judgement)

The Group has made business combinations with Winterlight Labs Inc ('Winterlight'), which completed in the current period, and eClinicalHealth Limited ('Clinpal'), which completed in the prior period, which require the Group to recognise identifiable intangible assets acquired at fair value. The Group engaged with an external expert to assist with the identification and measurement exercise.

Valuation methods vary by type of intangible asset, and include income approaches (royalty savings methods, distributor method, excess earnings method) and cost approaches (replacement cost method). Income approaches require estimates of future cash flows, discount rates, royalty rates and customer attrition rates. Cost approaches require estimates of average salary costs and total man-hours required to develop a replacement product. The outcome of these valuations are set out in note 15.

Impairment of goodwill (estimate)

The Group is required to assess all indefinite life assets for impairment at least annually. This is performed using a value in use ('VIU') model, as outlined in note 16. The VIU model relies upon the following key assumptions:

- Future cash flows for the period. The Group uses the most recent Board approved three-year plan. The main estimate in these forecasts is future sales order levels and conversion of these orders into cash.
- Discount rates. The Group has used a pre-tax discount rate of 18.4% (2022: 10.0%).
- Long-term growth rates. The Group has applied a long-term growth rate of 1.2% (2022: nil).

The outcome of this impairment assessment is set out in note 16.

Capitalisation of development costs (judgement)

The point at which development costs meet the criteria for capitalisation is critically dependent on management judgement of the probability to reliably measure the future economic benefits. This is judgemental as it may not be possible to demonstrate a market until significant validation work has been performed. Research and development expenditure in the year primarily relates to ongoing research. Therefore, no development costs have been capitalised (2022: £nil).

Recovery of deferred tax assets (estimate)

Deferred tax assets in excess of any deferred tax liabilities have been recognised only to the extent that there are deferred tax liabilities with no excess recognised for other deductible temporary differences, share options and tax losses as management considers that there is not sufficient certainty on when future taxable profits will be available to utilise those temporary differences and tax losses. This judgement is reviewed at each year end and made based upon forecasts of taxable profit, considering the inherent uncertainties in these forecasts. Details of the Group's deferred tax assets and liabilities are provided in note 22.

5. Outlook for adoption of future Standards (new and amended)

Certain new accounting standards and interpretations have been published that are not mandatory for the current reporting period and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods, nor on reasonably foreseeable future transactions.

6. Revenue

An analysis of the Group's revenue for each major product and service category is as follows:

	2023 £'000	2022 £'000
Software	**6,532**	5,027
Services	**6,364**	6,528
Hardware	**619**	1,058
	13,515	12,613

Costs cannot be directly attributed to the products and services above so profit measures are not presented.

Geographical information

The revenue from external customers by geographical location is detailed below:

	2023 £'000	2022 £'000
United Kingdom	**1,010**	1,088
United States of America	**9,368**	7,422
European Union	**2,505**	3,195
Rest of World	**632**	908
	13,515	12,613

Non-current assets held in the United Kingdom amounted to £4.7 million (2022: £1.7 million). Non-current assets held in all foreign countries amounted to £3.3 million (2022: £nil). Material non-current assets are held in Canada amounting to £3.1 million (2022: £nil). No other country holds material non-current assets.

Information about major customers

One customer accounted for more than 10% of reported revenue in 2023, amounting to 18% of the total (2022: three customers amounting to 34%).

Revenue from contracts with customers

All revenue in 2023 and 2022 comes from contracts with customers.

Notes to the Consolidated Financial Statements

Timing of revenue recognition

As explained in note 2.3, some software and services are recognised over a period of time, and some at a point in time. The split of revenue in line with these factors is as follows:

	2023 £'000	2022 £'000
Software – delivered over a period of time	**6,440**	4,535
Software – delivered at a point in time	**92**	492
Services – delivered over a period of time	**5,492**	5,173
Services – delivered at a point in time	**872**	1,355
Hardware – recognised at a point in time	**619**	1,058
	13,515	12,613

Of the £12.3 million Deferred income from contracts with customers at 31 December 2022, £9.1 million was recognised as revenue in 2023. Of the £8.8 million Deferred income from contracts with customers at 31 December 2021, £6.0 million was recognised as revenue in 2022.

Payment terms can vary from customer to customer and are subject to negotiation. Normally, software will be invoiced at the point of initial sale and services invoiced as delivered. This creates a deferred income balance in respect of software which will be reduced as the software is used.

Contract balances

Contract balances are as follows:

	2023 £'000	2022 £'000
Trade receivables	**1,039**	2,073
Accrued income on contracts with customers	**211**	206
Deferred income on contracts with customers	**7,699**	12,294

Trade receivables decreased due to improved cash collection, and significant deals with large up-front billing closing in November and December 2022.

Accrued income on contracts with customers did not materially change.

Deferred income on contracts with customers decreased as revenue was recognised in excess of new sales orders.

Deferred commissions

Deferred commissions are presented as part of Trade and other receivables in note 21. The Group does not consider any of these amounts impaired. The movement of this account specifically is as follows:

	2023 £'000	2022 £'000
At 1 January	**706**	728
Recognised in Consolidated Statement of Comprehensive Income	**(385)**	(332)
Net addition from sales in year	**71**	283
Exchange adjustments	**(10)**	27
At 31 December	**382**	706

7. Other operating income

Other operating income is made up of the following:

	2023 £'000	2022 £'000
Grant income	**322**	156

Grant income is received for various Horizon 2020 funded projects. In 2023 this was primarily for Trials@Home. The Group held the following contract balances at 31 December relating to grants:

	2023 £'000	2022 £'000
Accrued income on grants	**176**	106
Deferred income on grants	**62**	-

These balances are presented within Other receivables and Other payables respectively.

Notes to the Consolidated Financial Statements

8. Operating loss

Operating loss has been arrived at after charging/(crediting):

	2023 £'000	2022[1] £'000
Net foreign exchange losses/(gains)	**31**	(163)
Research and development costs	**3,847**	2,285
Depreciation of property, plant and equipment	**97**	57
Amortisation of intangible assets:		
- included in Cost of sales	**7**	5
- included in Research and development expense	**496**	32
- included in Sales and marketing expense	**65**	-
Staff costs (see note 10)	**10,121**	6,689

1. The amount for Research and development cost in relation to 2022 has been restated to include research and development expense that had previously been erroneously omitted. The previously disclosed balance was £2,165,000.

9. Auditor's remuneration

The analysis of the auditor's remuneration is as follows:

	2023 £'000	2022 £'000
Fees payable to the Company's auditor for the audit of:		
- the Company's annual accounts	**150**	107
- the subsidiaries' annual accounts	**50**	43
Total audit fees	**200**	150
Taxation compliance services	**-**	9
Tax advisory services	**-**	20
Total non-audit fees	**-**	29

In 2023 the Group's auditor was Crowe UK LLP (2022: Grant Thornton UK LLP).

10. Staff costs

The average monthly number of employees (including directors) was:

	2023 £'000	2022 £'000
Operations	**89**	55
Sales and business development	**13**	12
Administrative support	**17**	13
	119	80

Their aggregate remuneration comprised:

	2023 £'000	2022 £'000
Wages and salaries	**8,914**	5,736
Social security costs	**611**	496
Other pension costs (see note 29)	**436**	283
Share-based payments charge (see note 28)	**160**	174
	10,121	6,689

11. Non-recurring items

	2023 £'000	2022 £'000
Acquisition and integration of Clinpal	**570**	236
Acquisition and integration of Winterlight	**662**	243
Restructuring	**224**	-
	1,456	479

The total net cash outflow as a result of non-recurring items was £815,000 (2022: £380,000).

Acquisition and integration of 'Clinpal'

The Group acquired Clinpal in October 2022. See note 15.1. Costs in the year included movements in deferred consideration, retention awards for key staff, and onerous lease provisions and fixed asset impairment relating to Clinpal's office. Costs in the prior year related to adviser fees.

Future expense within this category will relate to retention awards. They are anticipated to continue until December 2024.

Acquisition and integration of Winterlight

The Group acquired Winterlight in January 2023. See note 15.2. Costs in the year included retention awards for key staff and adviser fees. Costs in the prior year related to adviser fees.

Future expense within this category will relate to retention awards. They are anticipated to continue until July 2024.

Restructuring

The Group completed a significant, multi-department restructuring exercise in the year. No further expense is anticipated.

Notes to the Consolidated Financial Statements

12. Interest receivable and finance costs

Interest receivable comprises:

	2023 £'000	2022 £'000
Interest on bank deposits	**16**	9

Finance costs comprise:

	2023 £'000	2022 £'000
Bank charges	**21**	16
Interest on term loan	**147**	–
	168	16

13. Taxation

	2023 £'000	2022 £'000
Corporation tax:		
- Current year	**(77)**	(98)
- Adjustments in respect of prior years	**128**	(117)
	51	(215)
Deferred tax (see note 22)	**-**	-
Total tax charge/(credit)	**51**	(215)

Corporation tax is calculated at 23.5% (2022: 19%) of the estimated taxable loss for the year.
The tax credit for each year reconciles to the loss before tax as follows:

	2023 £'000	2022 £'000
Loss before tax on continuing operations	**(3,457)**	(624)
Tax at the UK corporation tax rate of 23.5% (2022: 19%)	**(812)**	(118)
Effects of:		
- Difference in foreign tax rates	**1**	(3)
- Expenses not deductible for tax purposes	**311**	26
- Deduction on exercise of share options	**(64)**	(7)
- Movement in unrecognised deferred tax on losses	**585**	102
- Adjustment in respect of prior years	**125**	(117)
- Foreign tax charge	**5**	2
- R&D tax credit	**(100)**	(100)
Tax charge/(credit) for the year	**51**	(215)

The adjustment in respect of prior years relates to the receipt of R&D tax credits in respect of 2022 and 2021 (2022: in respect of 2021) and US federal tax payments. No R&D tax credits claim has yet been made for 2023, however the Group is able to estimate the expected amount that will be received for the year.

From 1 April 2023 the UK corporation tax rate increased from 19% to 25% for companies with profits over £250,000, with a tapering from 19% to 25% for profits between £50,000 and £250,000. Deferred tax assets and liabilities were calculated at the substantively enacted corporation tax rates, taking into account any known future changes and using the Group's estimates of future profit levels.

14. Earnings per share

The calculation of basic and diluted earnings per share ('EPS') is based on the following data:

Earnings	2023 £'000	2022 £'000
Earnings for the purposes of basic and diluted EPS per share being net loss attributable to owners of the Company	**(3,508)**	(409)

Weighted average number of ordinary shares:	2023 £'000	2022 £'000
For the purposes of basic EPS	**34,586**	31,170
For the purposes of diluted EPS	**34,586**	31,170

The diluted loss per share is considered to be the same as the basic loss per share. Potential dilutive shares are not treated as dilutive where they would result in a loss per share.

	2023 £'000	2022 £'000
Basic EPS	**(10.1)**	(1.3)
Diluted EPS	**(10.1)**	(1.3)

Notes to the Consolidated Financial Statements

15. Business combinations

15.1. Acquisition of Clinpal

On 25 October 2022, the Company acquired the entire share capital of eClinicalHealth Ltd ('Clinpal'), a UK based provider of Decentralised Clinical Trials software, for a total amount payable of £nil.

The final fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

	Carrying value at acquisition £'000	Fair value adjustment £'000	Fair value £'000
Assets			
Property, plant and equipment	5	–	5
Intangible assets			
- Technology based assets	–	955	955
Other current assets	234	–	234
Cash and cash equivalents	–	–	–
Deferred tax assets on losses	–	239	239
Total assets	239	1,194	1,433
Liabilities			
Trade and other payables	(740)	–	(740)
Deferred income on contracts with customers	(30)	–	(30)
Other current liabilities	(421)	–	(421)
Loans	(133)	–	(133)
Deferred tax liabilities on intangible assets	–	(239)	(239)
Total liabilities	(1,324)	(239)	(1,563)
Net liabilities assumed	(1,085)	955	(130)
Purchase consideration			–
Goodwill			**130**

Provisional fair values reported in the Group's 2022 Annual Report are unchanged.

The potential consideration for the acquisition was £1.4 million, consisting of £1.3 million in assumed liabilities and up to a potential £0.1 million of deferred contingent consideration. The deferred contingent consideration was dependent upon achieving performance targets covering the period from acquisition to 31 December 2023. Half of this was achieved.

The Group considers the final consideration to be £1.4 million. The deferred contingent consideration will be settled in shares of the Company.

An additional £0.3 million of post-combination remuneration is payable to former shareholders conditional upon achieving performance targets and the continued service of key individuals for a performance period covering from the acquisition date to 31 December 2023. Half of this was achieved, and will be settled in shares of the Company.

Goodwill includes the estimated value attributable to the assembled workforce and future synergies expected to arise from combining the two businesses.

15.2. Acquisition of Winterlight

On 10 January 2023, the Company acquired the entire share capital of Winterlight Labs Inc ('Winterlight'), a Toronto, Canada based company developing speech-based digital biomarkers for the assessment of cognitive function. The total amount payable was £7.0 million, comprising £3.0 million in cash and £4.0 million in shares of the Company.

The final fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

	Carrying value at acquisition £'000	Fair value adjustment £'000	Fair value £'000
Assets			
Property, plant and equipment	18	–	18
Intangible assets			
- Technology based assets	–	3,055	3,055
- Marketing based assets	–	520	520
- Customer based assets	–	308	308
Trade and other receivables	233	–	233
Other current assets	37	–	37
Cash and cash equivalents	–	–	–
Deferred tax assets on losses	–	1,049	1,049
Total assets	288	4,932	5,220
Liabilities			
Trade and other payables	(182)	–	(182)
Deferred income on contracts with customers	(73)	–	(73)
Other current liabilities	(208)	(20)	(228)
Deferred tax liabilities	–	(1,049)	(1,049)
Total liabilities	(463)	(1,069)	(1,532)
Net assets acquired	(175)	3,863	3,688
Purchase consideration			7,002
Goodwill			**3,314**

Notes to the Consolidated Financial Statements

Provisional fair values as reported in the Group's 2022 Annual Report have been adjusted for liabilities unidentified at the acquisition date and changes to the acquired company's customer base arising from circumstances present at the acquisition date.

Since the acquisition date, the Group has recognised £568,000 of revenue and a loss of £2.3 million in the Consolidated Statement of Comprehensive Income in relation to Winterlight. The balances would not be materially different had the acquisition completed at the beginning of the reporting period.

Goodwill includes the estimated value attributable to the assembled workforce and future synergies expected to arise from combining the two businesses.

16. Goodwill

Earnings	2023 £'000	2022 £'000
At 1 January	482	352
Acquired in business combination	3,314	130
Exchange adjustments	(143)	–
At 31 December	3,653	482
Allocated to Cambridge Cognition Group CGU	3,653	352
Allocated to eClinicalHealth CGU	–	130
At 31 December	3,653	482

Goodwill acquired in a business combination is allocated to the cash generating unit ('CGU') which is expected to benefit from that combination. Clinpal, following its acquisition in October 2022, had not been fully integrated into the Group's operations by 31 December 2022. As such, it was considered to be a separate CGU at 31 December 2022. At 31 December 2023, both Clinpal and Winterlight, acquired in January 2023, had been fully integrated into the Group's operations and product portfolio. Goodwill arising from these combinations has therefore been allocated to the Cambridge Cognition Group CGU.

The recoverable value of the goodwill and other assets are assessed on a value in use basis considering the three-year future forecasts. These are a result of the overall Group budgeting process, and the key assumptions include sales order volumes, business costs, and the related cash flows. This process considers both prior performance and future projections based on both external and internal factors. A terminal value is calculated based on the third year of forecasts with a growth rate of 1.2% (2022: nil). The pre-tax discount rate used was 18.4% (2022: 10.0%).

As well as the scenario based on these forecasts, management has run alternative scenarios with reasonable downside assumptions to test the valuation. These include:

- restrictions of year-on-year sales order and revenue growth;
- increases in discount rates; and
- reducing long-term growth rates to nil.

In carrying out its assessment of goodwill, management believes that no impairment is required and no reasonably possible changes in assumptions would lead to an impairment.

17. Other intangible assets

	Acquisition related intangible assets				
	Technology based assets £'000	Marketing based assets £'000	Customer based assets £'000	Licences £'000	Total £'000
Cost					
At 1 January 2022	–	–	–	40	40
Acquired in business combinations	955	–	–	–	955
At 31 December 2022	955	–	–	40	995
Acquired in business combinations	3,055	520	308	–	3,883
Exchange adjustment	(131)	(22)	(14)	–	(167)
At 31 December 2023	**3,879**	**498**	**294**	**40**	**4,711**
Amortisation and impairment					
At 1 January 2022	–	–	–	19	19
Charge	32	–	–	5	37
At 31 December 2022	32	–	–	24	56
Charge	496	33	32	7	568
Exchange adjustment	(1)	–	(1)	–	(2)
At 31 December 2023	**527**	**33**	**31**	**31**	**622**
Net book value					
At 1 January 2022	–	–	–	21	21
At 31 December 2022	923	–	–	16	939
At 31 December 2023	**3,352**	**465**	**263**	**9**	**4,089**

Notes to the Consolidated Financial Statements

The following intangible assets are individually material at 31 December 2023:

	Net book value		
	2023 £'000	2022 £'000	Estimated end of life
Technology based assets			
- Clinpal software platform	**732**	923	October 2027
- Winterlight software platform	**1,702**	-	January 2032
- Winterlight patents and know how	**918**	-	January 2034
Marketing based assets			
- Winterlight tradename	**465**	-	January 2038
Customer based assets			
- Winterlight customer relationships	**263**	-	January 2033

18. Property, plant and equipment

	Leased buildings £'000	Leasehold improvements £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost				
At 1 January 2022	150	39	660	849
Additions	-	10	179	189
Acquired in business combinations	-	4	1	5
Disposals	-	(3)	(359)	(362)
At 31 December 2022	150	50	481	681
Additions	-	18	15	33
Acquired in business combinations	-	-	18	18
Disposals	-	(24)	(41)	(65)
Exchange adjustments	-	-	(4)	(4)
At 31 December 2023	**150**	**44**	**469**	**663**
Depreciation				
At 1 January 2022	150	39	609	798
Charge	-	3	54	57
Disposals	-	(3)	(359)	(362)
At 31 December 2022	150	39	304	493
Charge	-	6	91	97
Impairment	-	3	-	3
Disposals	-	(24)	(39)	(63)
At 31 December 2023	**150**	**24**	**356**	**530**
Net book value				
At 1 January 2022	-	-	52	52
At 31 December 2022	-	11	177	188
At 31 December 2023	**-**	**20**	**113**	**133**

Notes to the Consolidated Financial Statements

19. Subsidiaries, joint ventures and other investments

For all investments, the Group's equity holding matches its voting rights. All holdings are in ordinary shares.

Subsidiary undertakings

Details of the Group's subsidiaries and joint ventures at 31 December 2023 are as follows:

Name	Registered office	% holding
United Kingdom		
Cambridge Cognition Ltd	Tunbridge Court, Tunbridge Lane, Bottisham, Cambridge, CB25 9TU	100%
Cambridge Cognition Trustees Ltd	Tunbridge Court, Tunbridge Lane, Bottisham, Cambridge, CB25 9TU	100%
CANTAB Corporate Health Ltd	Tunbridge Court, Tunbridge Lane, Bottisham, Cambridge, CB25 9TU	100%
eClinicalHealth Ltd	48 St. Vincent Street, Glasgow, Scotland, G2 5HS	100%
Canada		
Winterlight Labs Inc	100 King Street West, Suite 6200, 1 First Canadian Place, Toronto, Ontario, M5X 1B8	100%
South Africa		
Cambridge Cognition South Africa Pty Ltd	Lower Ground Suite Building 9, Somerset Office Park 5, Libertas Road, Bryanston, Gauteng, 2021	100%
United States of America		
Cambridge Cognition LLC	510 S. 200 W. Suite 200, Salt Lake City, UT 84101	100%

Joint ventures

Name	Registered address	% holding
United Kingdom		
Cognition Kit Ltd	Tunbridge Court, Tunbridge Lane, Bottisham, Cambridge, CB25 9TU	50%

The results and assets of Cognition Kit Limited are immaterial to the Group. Accordingly, detailed disclosures have not been presented.

Other investments

Name	Registered address	% holding
United Kingdom		
Monument Therapeutics Ltd	Alderley Park, Congleton Road, Macclesfield, Cheshire, SK10 4TG	28.88%

The Company recognises its holding in Monument Therapeutics Limited as an investment. See note 4. The Company performed a review of the fair value of the investment at 31 December 2023 and concluded that an increase in the value of £107,000 was required (2022: no change).

20. Inventories

Earnings	2023 £'000	2022 £'000
Finished goods and goods for resale	**187**	216

During the year inventories with a total value of £316,000 (2022: £274,000) were included in the Consolidated Statement of Comprehensive Income as an expense.

21. Trade and other receivables

Earnings	2023 £'000	2022 £'000
Non-current		
Other receivables	**20**	–
Total non-current trade and other receivables	**20**	–
Current		
Accrued income from contracts with customers	**211**	206
Deferred commissions	**382**	706
Other receivables	**298**	563
Prepayments	**481**	1,132
Term deposits	**6**	–
Trade receivables from contracts with customers	**1,039**	2,073
Total current trade and other receivables	**2,417**	4,680
Total trade and other receivables	**2,437**	**4,680**

Trade receivables

Trade receivables disclosed above are classified as financial assets and are measured at amortised cost.

The credit period offered on sales of goods and services varies from 14 days to 90 days.

See note 30 for further details about the credit quality of trade receivables and accrued income from contracts with customers.

Notes to the Consolidated Financial Statements

22. Deferred tax

	2023 £'000	2022 £'000
Deferred tax assets		
Deferred tax assets comprise of temporary differences attributable to:		
- Deferred tax asset recognised on business combination	**1,070**	239
Total deferred tax assets	**1,070**	239
Deferred tax liabilities		
Deferred tax liability for intangible assets	**1,070**	239
Total deferred tax liabilities	**1,070**	239
Net deferred tax asset/(liability)	**-**	-

At the reporting date, the Group has unused tax losses totalling £19.7 million (2022: £13.1 million) available for offset against future profits, arising in the following jurisdictions:

- UK: £17.0 million (2022: £9.7 million)
- US: £1.4 million (2022: £3.4 million)
- Canada: £1.3 million (2022: £nil)

No deferred tax asset has been recognised in respect of these losses as there is uncertainty over the timing of future taxable profits. The unrecognised deferred tax asset amounts to approximately £4.9 million (2022: £3.3 million). Losses may be carried forward indefinitely. The unrecognised deferred tax asset on share options amounts to £65,000 (2022: £142,000).

23. Trade and other payables

Amounts falling due within one year

	2023 £'000	2022 £'000
Accruals	**1,434**	1,356
Lease liabilities	**18**	18
Other payables	**259**	129
Social security and other taxes	**289**	177
Trade payables	**603**	1,038
	2,603	2,718

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. For all suppliers no interest is charged on the trade payables. Group policy is to ensure that payables are paid within the pre-agreed credit terms and to avoid incurring penalties and/or interest on late payments. The Directors consider that the carrying amount of trade payables approximates their fair value.

24. Loans and borrowings

	2023 £'000	2022 £'000
Term loan – current	**566**	-
Term loan – non-current	**1,978**	-
	2,544	-

On 26 September 2023, the Group entered into a £3.0 million term loan. The term loan is repayable over three years, with an initial six-month interest only period. Interest is incurred at a fixed rate of 11.5% of the outstanding principal. The debt is secured via a floating charge over the assets of the Company and Cambridge Cognition Limited.

Alongside this term loan, the Group issued 722,565 warrants with an exercise price of 91p. These were immediately exercisable and expire in September 2033. The estimated fair value of these warrants is £274,000.

25. Share capital and reserves

	Number	£'000
Issued and fully paid Ordinary Shares of £0.01 each		
At 1 January 2022	**31,170,093**	312
At 31 December 2022	**31,170,093**	312
Issue of new shares for the acquisition of Winterlight Labs Inc	**3,445,595**	34
Exercise of employee share options	**344,421**	4
At 31 December 2023	**34,960,109**	**350**

All ordinary shares carry equal voting and distribution rights. There are no other classes of shares.

On 10 January 2023, the Company issued 3,445,595 ordinary shares of £0.01 each with a nominal value of £34,456 as part of the consideration for the acquisition of Winterlight Labs (see note 15.2).

During the year, the Company issued 344,421 (2022: nil) ordinary shares of £0.01 each with a nominal value of £3,444 (2022: £nil) pursuant to the exercise of employee share options.

Notes to the Consolidated Financial Statements

Own shares reserve

	2023 £'000	2022 £'000
Own shares reserve	**71**	71

The Own shares reserve represents the cost of shares acquired by the two Cambridge Cognition Employee Benefit Trusts to satisfy options under the Group's share options schemes. The number of shares held by the UK Employee Benefit Trust at 31 December 2023 was 36,765 (2022: 36,765). The number of shares held by the Jersey-based Employee Benefit Trust at 31 December 2023 was 38,150 (2022: 38,150).

During the year employees exercised nil (2022: 6,850) share options at an exercise price of £0.01 each which were satisfied by the Jersey-based Employee Benefit Trust.

Other reserves

	2023 £'000	2022 £'000
Merger reserve	**5,981**	5,981
Cumulative translation reserve	**(368)**	(158)
Other reserves	**5,613**	5,823

Merger reserve: arising when the Company became the Group's holding company in April 2013.

Cumulative translation reserve: The cumulative translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

26. Notes to the cash flow statement

	2023 £'000	2022 £'000
Loss before tax	**(3,457)**	(624)
Adjustments for:		
Depreciation of property, plant and equipment	**97**	57
Impairment of property, plant and equipment	**3**	-
Amortisation of intangible assets	**568**	37
Share-based payments charge	**160**	174
Finance costs	**168**	-
Acquisition related expenses deferred amounts	**318**	6
Interest receivable	**(16)**	(9)
Research and Development expenditure tax credit	**(73)**	-
Operating cash flows before movements in working capital	**(2,232)**	(359)
Decrease/(increase) in inventories	**29**	(88)
Decrease in trade and other receivables	**2,235**	1,012
Decrease in trade and other payables	**(445)**	(1,718)
(Decrease)/increase in deferred income on contracts with customers	**(4,667)**	2,630
Cash (used in)/generated from operations	**(5,080)**	1,477
Taxation credit received less tax paid	**113**	191
Net cash (used in)/generated from operating activities	**(4,967)**	1,668

Reconciliation of liabilities arising from financing activities

	2023 £'000	2022 £'000
Net Debt (net of financing costs) at 1 January	**-**	-
Debt acquired in business combination	**-**	133
Term loan draw down	**3,054**	-
Repayment of borrowings	**(116)**	(133)
Interest expense	**147**	-
Interest paid	**(88)**	-
Offsetting		
- Transaction costs	**(175)**	-
- Warrant costs	**(274)**	-
Exchange adjustments	**(4)**	-
Net Debt (net of financing costs) at 31 December	**2,544**	-

Notes to the Consolidated Financial Statements

Cash and cash equivalents

	2023 £'000	2022 £'000
Cash and cash equivalents	**3,222**	8,322

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets is approximately equal to their fair value.

27. Leases

The Group is entered into leases for several properties. A summary of the associated right-of-use assets are included in note 18, being the column 'Leased Buildings'.

The changes in the lease liability are as follows:

	2023 £'000	2022 £'000
Lease liability at 1 January	18	18
Lease liability at 31 December	**18**	**18**

All remaining lease payments are due within one year. The residual lease liability is an obligation for restoration of property at the end of the lease.

The Group has recognised £196,000 (2022: £171,000) in the Consolidated Statement of Comprehensive Income relating to short-term leases. The total cash outflow for leases was £196,000 (2022: £171,000).

28. Share-based payments

Equity-settled share option scheme

The Company has a share option scheme for key employees of the Group. The vesting periods vary between 1 and 3 years. Options are forfeited if the employee leaves the Group before the options vest. Details of the share options outstanding during the year are as follows:

	2023		2022	
	Share options '000	Weighted average exercise price £	Share options '000	Weighted average exercise price £
Outstanding at 1 January	**3,253**	**0.39**	2,527	0.35
Exercised during the year	**(382)**	**0.23**	(7)	0.16
Granted during the year	**1,001**	**0.01**	823	0.01
Forfeited during the year	**(523)**	**0.38**	(90)	0.61
Expired during the year	**(50)**	**1.25**	-	-
Outstanding at 31 December	**3,299**	**0.28**	3,253	0.39
Exercisable at 31 December	**1,323**	**0.35**	978	0.37

The options outstanding at 31 December 2023 had a weighted average remaining contractual life of 5.7 years (2022: 4.3 years). The exercise prices of share options outstanding at the period end was as follows:

	2023		2022	
	Share options '000	Weighted average exercise price £	Share options '000	Weighted average exercise price £
Exercise price of one penny	**1,673**	**0.01**	962	0.01
Exercise price of one to 50 pence	**990**	**0.28**	1,418	0.28
Exercise price of 51 to 100 pence	**280**	**0.66**	390	0.63
Exercise price of over 101 pence	**356**	**1.27**	483	1.29
Outstanding at the end of the year	**3,299**	**0.28**	3,253	0.39

Options were granted on 15 December 2023. The performance conditions attached to some of these options are such that options vest dependent on the Group achieving certain performance targets. The performance conditions, which are both market and non-market conditions, have been incorporated into the measurement

Notes to the Consolidated Financial Statements

by actuarial modelling. The aggregate of the estimated fair values of the options granted in December is £490,000. The inputs into the Monte Carlo stochastic and Black Scholes models for the performance related options were as follows:

	December 2023
Share price at date of issue	53.5p
Exercise price	1p
Expected volatility	44%
Expected life	10 years
Risk-free rate	3.79%
Expected dividend yields	0.0%

Expected volatility was determined by considering the expected share price movements and other comparable listed companies in the sector. For each option tranche a minimum share price hurdle for the options to vest was set in accordance with the individual terms in the option contracts.

Share-based payment charge
The Group recognised a total charge of £160,000 (2022: £174,000) in relation to equity-settled share-based payment transactions.

29. Post-employment benefit schemes

Defined contribution schemes
The Group operates a defined contribution retirement benefit scheme for all qualifying employees. The assets of the scheme are held separately from those of the Group in funds under the control of independent trustees.

The total cost charged to income of £436,000 (2022: £283,000) represents contributions payable to these schemes by the Group at agreed rates. As at 31 December 2023, contributions of £43,000 (2022: £45,000) due in respect of the current reporting year had not been paid over to the schemes.

30. Financial instruments

a. Capital risk management
The Group manages its capital to ensure it is able to continue as a going concern while maximising the return to stakeholders through optimising the balance between debt and equity. The Group had borrowings of £2.9 million at 31 December 2023 (2022: £nil). The Group is not subject to any externally imposed capital requirements.

The current capital structure of the Group consists of cash and cash equivalents, a term loan facility, and equity attributable to equity holders of the Parent, comprising issued capital, reserves and retained earnings as follows:

	2023 £'000	2022 £'000
Cash and cash equivalents	**3,222**	8,322
Term loan	**(2,544)**	-
Equity shareholders funds	**(1,283)**	95

b. Categories of financial instruments and fair value
The carrying amount of financial instruments and their classification under IFRS 9 are:

	2023 £'000	2022 £'000
Non-current financial assets		
- at fair value through other comprehensive income		
Investments	**156**	49
Current financial assets		
- at amortised cost		
Cash and cash equivalents	**3,222**	8,322
Trade receivables from contracts with customers	**1,039**	2,073
Other receivables	**298**	467
Accrued income on contracts with customers	**211**	206
Term deposits	**6**	-
Total financial assets	**4,932**	11,117
Non-current financial liabilities		
- At amortised cost		
Loans and borrowings (fair value – 2023: £2,061,000, 2022: £nil)	**1,978**	-
Non-current financial liabilities		
- At amortised cost		
Trade and other payables	**2,603**	2,718
Loans and borrowings (fair value – 2023: £807,000, 2022: £nil)	**566**	-
Total financial liabilities	**5,147**	2,718
Net financial liabilities	**(215)**	8,399

Notes to the Consolidated Financial Statements

Unless otherwise stated, the Directors consider that the carrying amounts of financial assets and financial liabilities recorded in the Consolidated Statement of Financial Position approximate their fair values.

c. Financial risk management objectives
The Group's finance function is responsible for all aspects of corporate treasury. It co-ordinates access to financial markets and monitors and manages the financial risks relating to the operations of the Group through internal reports which analyse exposures by degree and magnitude. The risks reviewed include liquidity risk, market risk (including currency risk) and credit risk.

d. Liquidity risk
Liquidity risk is that the Group might have insufficient funds to meet its obligations.

The Group manages its liquidity needs by careful monitoring and forecasting of expected future cash inflows and outflows. As part of the annual budgeting process, the Board reviews three-year financial projections which include cash flow forecasts for the period. Cash flow forecasts for the current year are updated quarterly, and a detailed review of cash flow requirements for the next quarter is prepared monthly. Cash balances are also reported to the Board on a monthly basis.

At 31 December 2023, the Group's financial liabilities had the following contractual maturities:

	Trade payables £'000	Other payables £'000	Lease liability £'000	Term loan £'000	Total £'000
Current financial liabilities					
Less than three months	603	1,595	18	-	2,216
Three to six months	-	167	-	261	428
Six months to one year	-	220	-	546	766
	603	1,982	18	807	3,410
Non-current financial liabilities					
One to two years	-	-	-	1,189	1,189
Two to three years	-	-	-	872	872
	-	-	-	2,061	2,061
Total financial liabilities	603	1,982	18	2,868	5,471
Effect of discounting	-	-	-	(324)	(324)
Carrying amount	**603**	**1,982**	**18**	**2,544**	**5,147**

At 31 December 2022, the Group's financial liabilities had the following contractual maturities:

	Trade payables £'000	Other payables £'000	Lease liability £'000	Term loan £'000	Total £'000
Current financial liabilities					
Less than three months	1,038	1,662	18	-	2,718
Total financial liabilities	**1,038**	**1,662**	**18**	**-**	**2,718**

The Group had no non-current financial liabilities at 31 December 2022.

e. Market risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The Group has exposure to foreign currency exchange rates through its operating activities and investments in foreign subsidiaries. The Group continues to monitor its exposure to foreign currency risk but did not use any financial derivatives in 2023 or 2022. The Group's main exposure to foreign currency risk is to US Dollar, Canadian Dollar and Euro.

The Group's foreign currency exposure has increased following:
- the acquisition of Winterlight, a Canada based entity with significant Canadian Dollar denominated operating expenditure; and
- entering into a Euro denominated term loan.

There has been no change to the way the Group manages and measures market risks in the year.

f. Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates.

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The arises as there is a mismatch between the currency of the Group's cash inflows (primarily US Dollar) and cash outflows (primarily GBP, Canadian Dollar and Euro).

Notes to the Consolidated Financial Statements

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the year-end were as follows:

	Assets		Liabilities	
	2023 £'000	2022[1] £'000	2023 £'000	2022[1] £'000
US Dollar	**2,015**	4,354	**222**	318
Canadian Dollar	**19**	-	**21**	-
Euro	**236**	1,338	**2,740**	28
Qatari Riyal	**26**	115	**-**	-
South African Rand	**15**	17	**8**	10

1. The amounts disclosed in relation to 2022 have been restated to include monetary assets and liabilities which had erroneously been omitted. The impact of foreign exchange movements in relation to 2022 have also been restated for these revised balances and to include a split between income statement and other comprehensive income.

The balances above exclude intra-Group balances which are eliminated in the consolidated results. A movement in the exchange rate of +/- 5% from 31 December to the date of realising the net asset position would result in a gain/(loss) of:

	5% GBP strengthening		5% GBP weakening	
	Income statement	Other comprehensive income £'000	Income statement £'000	Other comprehensive income £'000
31 December 2023				
US Dollar	31	(119)	(31)	119
Canadian Dollar	9	(9)	(9)	9
Euro	125	-	(125)	-
Qatari Riyal	(1)	-	1	-
South African Rand	2	(2)	(2)	2
31 December 2022[1]				
US Dollar	(124)	(334)	124	334
Canadian Dollar	-	-	-	-
Euro	(65)	-	65	-
Qatari Riyal	(6)	-	6	-
South African Rand	(1)	-	1	-

1. The amounts disclosed in relation to 2022 have been restated to include monetary assets and liabilities which had erroneously been omitted. The impact of foreign exchange movements in relation to 2022 have also been restated for these revised balances and to include a split between income statement and other comprehensive income.

This includes the impact of exchange rate movements upon intra-Group balances.

g. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group makes appropriate enquiries of the counterparty and independent third parties to determine credit worthiness. Use of other publicly available financial information and the Group's own trading records is made to rate its major customers. The Group's exposure and the credit worthiness of its counterparties are continuously monitored and the aggregate value of transactions is spread amongst approved counterparties. Credit exposure is also controlled by counterparty limits that are reviewed and approved by Group management continuously.

The Group does not have any significant credit risk exposure to any single counterparty or group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities.

The carrying amount recorded for financial assets in the Consolidated Statement of Financial Position is net of impairment losses and represents the Group's maximum exposure to credit risk.

Aging of Trade receivables from contracts with customers, and Accrued income from contracts with customers:

			Past due				
31 December 2023	Total £'000	Current £'000	Less than one month £'000	One to two months £'000	Two to three months £'000	Three to six months £'000	Over six months £'000
Trade receivables from contracts with customers							
Gross amount	**1,100**	**876**	**107**	**36**	**21**	**17**	**43**
Loss allowance	**(61)**	**(1)**	**(1)**	**-**	**-**	**(16)**	**(43)**
Carrying amount	**1,039**	**875**	**106**	**36**	**21**	**1**	**-**
Accrued income from contracts with customers							
Gross amount	**211**	**211**	**-**	**-**	**-**	**-**	**-**
Loss allowance	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Carrying amount	211	211	-	-	-	-	-

Notes to the Consolidated Financial Statements

31 December 2022	Total £'000	Current £'000	Past due: Less than one month £'000	Past due: One to two months £'000	Past due: Two to three months £'000	Past due: Three to six months £'000	Past due: Over six months £'000
Trade receivables from contracts with customers							
Gross amount	2,087	1,479	240	126	52	82	108
Loss allowance	(14)	–	–	–	–	–	(14)
Carrying amount	2,073	1,479	240	126	52	82	94
Accrued income from contracts with customers							
Gross amount	206	206	–	–	–	–	–
Loss allowance	–	–	–	–	–	–	–
Carrying amount	206	206	–	–	–	–	–

There has not been a significant change in credit quality in the year and the carrying amounts are considered recoverable.

There is a provision for credit loss of £61,000 (2022: £14,000). This is against specific projects for which recovery is not presently anticipated. In determining the recoverability of a trade receivable, the Group will also consider any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Management considers that all the above financial assets that are not impaired or past due are of good credit quality. The expected credit loss for the Group is immaterial.

£11,000 of trade receivables was written off during the year (2022: £nil). A provision for credit loss of £48,000 was charged to the income statement (2022: £nil).

No guarantees have been given in respect to third parties.

31. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Transactions between the Group and other related parties are disclosed below.

Transactions with Cognition Kit Limited

Cognition Kit Limited is the Group's 50% owned joint venture.

During the year the Group invoiced £42,000 (2022: £nil) in respect of the value of time and expenses of the Group committed to the activities of Cognition Kit Limited. This has been recognised in revenue.

The Group was invoiced £29,000 with respect to Cognition Kit Limited in the year (2022: £144,000). This has been recognised in cost of sales.

No balances were due to or due from Cognition Kit Limited at 31 December 2023 (2022: £nil).

Remuneration of Directors and key management personnel

The remuneration of the key management personnel of the Group is set out below. The key management personnel of the Group at 31 December 2023 consist of the Directors of Cambridge Cognition Holdings plc and the Executive Leadership Team for the Group.

	2023 £'000	2022 £'000
Short-term employee benefits	**1,256**	1,265
Post-employment benefits	**62**	79
Termination benefits	**26**	–
Share-based payments	**123**	58
	1,467	1,402

Payments in respect of each Director are set out in the Remuneration Report. The audited section of that Report forms part of the financial statements.

32. Subsequent events

On 29 May 2024 the Company announced the intention to complete an equity fundraise through a placing and direct subscription for £2.5 million followed by an open offer of up to £125,000.

The proceeds will be used to fund future growth and as general working capital. This is subject to shareholder approval, which will be sought at a General Meeting on 17 June 2024.

Parent Company Statement of Financial Position

	Notes	At 31 December 2023 £'000	At 31 December 2022 £'000
Assets			
Non-current assets			
Investments	2	**8,895**	978
Trade and other receivables	3	**5,517**	-
Total non-current assets		**14,412**	978
Current assets			
Trade and other receivables	3	**53**	3,969
Cash and cash equivalents		**2,464**	4,931
Total current assets		**8,034**	8,900
Total assets		**16,929**	9,878
Liabilities			
Current liabilities			
Trade and other payables	4	**494**	461
Loans and borrowings	5	**566**	-
Total current liabilities		**1,060**	461
Non-current liabilities			
Loans and borrowings	5	**1,978**	-
Total non-current liabilities		**1,978**	-
Total liabilities		**3,038**	461
Equity			
Share capital	6	**350**	312
Share premium		**15,169**	11,151
Retained earnings		**(1,628)**	(2,046)
Total equity		**13,891**	9,417
Total liabilities and equity		**16,929**	9,878

No profit and loss account is presented for Cambridge Cognition Holdings plc as provided by section 408 of the Companies Act 2006. The Company's loss after tax for the financial year was £514,000 (2022: loss £169,000).

The financial statements of Cambridge Cognition Holdings plc on pages 88 to 93 were approved and authorised for issue by the Board on 31 May 2024 and were signed on its behalf by:

Stephen Symonds
Chief Financial Officer

Company number
08211361

Parent Company Statement of Changes in Equity

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2022	312	11,151	(2,130)	9,333
Loss for the year	-	-	(169)	(169)
Credit to equity of equity-settled share-based payments	-	-	253	253
Transactions with owners	-	-	253	253
Balance at 31 December 2022	312	11,151	(2,046)	9,417
Loss for the year	-	-	(514)	(514)
Other comprehensive income	-	-	107	107
Total comprehensive loss for the year	-	-	(407)	(407)
Issue of new shares in relation to business combinations	34	3,966	-	4,000
Issue of new shares in relation to exercise of employee share options	4	52	-	56
Credit to equity of equity-settled share-based payments	-	-	242	242
Post-combination remuneration	-	-	309	309
Issue of warrants	-	-	274	274
Transactions with owners	38	4,018	737	4,793
Balance at 31 December 2023	**350**	**15,169**	**(1,628)**	**13,891**

Notes to the Parent Company Financial Statements

1. Significant accounting policies

1.1 Basis of accounting

The separate financial statements of the Company are presented as required by the Companies Act 2006. They have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards and law. The Company has elected to use Financial Reporting Standard – 'The Reduced Disclosure Framework' (FRS 101). The Company has taken advantage of the following disclosure exemptions afforded by FRS 101:

- IAS 7 'Statement of cash flows'.
- Paragraph 17 of IAS 24 'Related party disclosures' (key management compensation). See note 31 of the Notes to the Consolidated Financial Statements.
- The requirements of IAS 24 'Related party disclosures' to disclose related party transactions entered into between two or more members of the Group.
- The following paragraphs of IAS 1 'Presentation of financial statements':
  - 10d (statement of cash flows).
  - 16 (statement of compliance with IFRS).
  - 38a (requirement for minimum of two primary statements, including cash flow statements).
  - 38b-d (additional comparative information).
  - 111 (statement of cash flows information).
  - 134-136 (capital management disclosures).
- Paragraphs 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraphs 45b and 46-52 of IFRS 2 'Share-based payments' (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined). The information has been presented for the Group in note 28 of the Notes to the Consolidated Financial Statements.
- IFRS 7 'Financial instruments: Disclosures'. This information has been presented for the Group in note 30 of the Notes to the Consolidated Financial Statements.

The principal accounting policies are summarised below. They have all been applied consistently throughout the year. The accounts are presented in Pounds Sterling ('£'), and to the nearest £1,000.

1.2 Investments

Fixed asset investments in subsidiaries are shown at cost less provision for impairment. The Company accounts for share options granted to the employees of subsidiary undertakings by recognising an increased investment in the subsidiary, with the corresponding credit recognised in reserves. The Company measures other equity investments at fair value, with changes in fair value recognised in other comprehensive income.

1.3 Financial instruments

The Company's financial instruments accounting policy is as per the Group's policy (see note 2.15 of the Notes to the Consolidated Financial Statements).

Intercompany loans are assessed for expected credit losses and a provision is made where the recoverable value is less than the book value of the receivable.

1.4 Going concern

The Directors have assessed the Group's ability to continue as a going concern, considering business activities in the context of the current operating environment. To support the going concern conclusion, the Directors have developed several working capital models covering from the signing of these financial statements to 30 June 2025. See note 2.2 of the Notes to the Consolidated Financial Statements for the outcome of this modelling.

The Directors believe that the Group will remain a going concern for the foreseeable future. Accordingly, the accounts for the year ended 31 December 2023 have been prepared on the going concern basis.

1.5 Employee Benefit Trust

Two Employee Benefit Trusts (EBTs) are maintained in order to facilitate the exercise of employee share options. Assets and shares of the EBTs are not consolidated into the results of the Company.

2. Investments

	2023 £'000	2022 £'000
Cost and net book value		
At 1 January	**978**	555
Additions in the year	**7,493**	423
Deferred consideration movements	**317**	-
Fair value movements	**107**	-
At 31 December	**8,895**	978

On 25 October 2022, the Company acquired of the entire share capital of eClinicalHealth Limited, a virtual clinical trial solution provider. The cost of investment includes deferred consideration payable based on the achievement of targets and the retention of key personnel in 2023, and acquisition related expenses.

On 10 January 2023, the Company acquired the entire share capital of Winterlight Labs Inc. The cost of investment includes acquisition related expenses of £410,000.

Notes to the Financial Statements

Additions also includes share-based payment charges of £80,000 (2022: £186,000) related to employees of subsidiary companies.

The Company performed a review of the fair value of the investment at 31 December 2023 and concluded that an increase in the value to £156,000 (2022: £49,000) was required (2022: no change).

The investments at the end of the year were as follows:

	Country	Ownership and voting power held	Nature of business
Cambridge Cognition Ltd	United Kingdom	100%	Development and sale of computerised neuropsychological tests
Cambridge Cognition South Africa Pty Ltd	South Africa	100%	Software development
eClinicalHealth Ltd	United Kingdom	100%	Virtual clinical trial solution provider
Monument Therapeutics Ltd	United Kingdom	28.88%	Digital phenotyping
Winterlight Labs Inc	Canada	100%	Data collection and analysis; biomarker development

Other Group subsidiaries, all of which are owned indirectly through Cambridge Cognition Limited, are detailed in note 19 of the Group accounts. All subsidiaries have been included in the consolidated financial statements.

3. Trade and other receivables

	2023 £'000	2022 £'000
Amounts due from subsidiary undertaking - non-current	**5,517**	-
Amounts due from subsidiary undertaking - current	**-**	3,670
Other receivables	**45**	299
Prepayments	**8**	-
	5,570	3,969

Of the amounts due from subsidiary undertakings, £2.5 million (2022: £3.7 million) is considered a long-term loan to Cambridge Cognition Limited. The Company receives interest at a rate of 7.5% per annum on this amount.

4. Trade and other payables

	2023 £'000	2022 £'000
Accruals	**284**	430
Other payables	**4**	-
Social security and other taxes	**143**	26
Trade payables	**63**	5
	494	461

5. Loans and borrowings

Details of the loans and borrowings of the Company are provided in note 24 of the Notes to the Consolidated Financial Statements.

6. Share capital

Details on the share capital of the Company are provided in note 25 of the Notes to the Consolidated Financial Statements.

7. Employment costs

The only employees of the Company are the Directors. Payments in respect of each director are set out in the Remuneration Report. The audited section of that Report forms part of the financial statements. The total amount of remuneration paid to the Directors, including share-based payments is £849,000 (2022: £891,000).

8. Subsequent events

On 29 May 2024 the Company announced the intention to complete an equity fundraise through a placing and direct subscription of £2.5 million followed by an open offer of up to £125,000. See note 32 of the Notes to the Consolidated Financial Statements for further details.

Corporate Directory

Directors:	Steven Powell Matthew Stork Stephen Symonds Richard Bungay Stuart Gall (appointed 1 February 2024) Debra Leeves Nick Rodgers (appointed 1 February 2024)	Non-Executive Chair Chief Executive Officer Chief Financial Officer Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director
Registered Office:	Tunbridge Court Tunbridge Lane Bottisham Cambridge CB25 9TU	
Company Number:	8211361	
Auditor:	Crowe UK LLP 2nd Floor 55 Ludgate Hill London EC4M 7JW	
Legal Advisers:	Taylor Wessing LLP 5 New Street Square London EC4A 3TW	
Bankers:	Barclays 28 Chesterton Road Cambridge CB4 3AZ	
Registrars:	Link Group 10th Floor Central Square 29 Wellington Street Leeds LS1 4DL	
Nominated Advisor and Joint Broker:	Panmure Gordon (UK) Limited 40 Gracechurch Street London EC3V 0BT	
Joint Broker:	Dowgate Capital Limited 15 Fetter Lane London EC4A 1BW	

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