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**29 July 2022**

**For Immediate Release**

**AIQ Limited**

(“AIQ” or the “Company” or, together with Alchemist Codes and Alcodes International, the “Group”)

**Interim Results**

The Board of AIQ (LSE: AIQ) announces the Company's unaudited consolidated interim results for the six months ended 30 April 2022.

**Summary**

- Progressed delivery of a contract to supply a decentralised finance (“DeFi”) exchange (“DEX”) to a customer based in Australia, which was completed post period
- Awarded a contract to supply a non-fungible token (“NFT”) marketplace for education applications in Hong Kong
- Revenue for the six months ended 30 April 2022 increased to £361k (H1 2021: £12k)
- Net loss for the period was reduced to £202k (H1 2021: £915k loss)
- Cash and cash equivalents of £852k at 30 April 2022 (31 October 2021: £581k), having raised £500k through the issue of unsecured convertible loan notes

**Graham Duncan, Chairman of AIQ, said:** “We delivered a strong increase in revenue for the first half of our 2022 financial year, albeit from a very low base and still a relatively small amount, and, thanks to the action we took last year to substantially cut costs, we reduced our losses significantly. During the period, we focused on delivering the DeFi DEX project and seeking to win new business, which resulted in us securing a contract to supply an NFT platform for educational applications. However, it is still early days for the new strategy. The Board continues to closely monitor the progress of the Group and evaluate opportunities for generating value for shareholders.”

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## **Operational Review**

During the first half of the 2022 financial year, the Group focused on the delivery of a contract, secured at the end of the previous year, to supply a DeFi DEX to a customer based in Australia. For the project, the Group performs the role of project manager and subcontracts the technical delivery (such that the net benefit to the Group is the margin earned on the contract). The majority of the project was delivered during the first half, with completion occurring since period end.

Also during the period the Group was awarded a contract to supply an NFT platform designed to enable art schools and education centres in Hong Kong to assist their students in publishing NFTs and developing their creative talent under Web3 technology. The Group will oversee and manage the project, with the development of the marketplace being provided by Accubits Technologies Inc., a full-service software provider, and digiXnode Technology Ltd., which specialises in blockchain development. Work on the platform is underway and the beta version is expected to be ready for testing in the coming months.

## **Financial Review**

Revenue for the six months to 30 April 2022 was £361k compared with £12k for the first half of the previous year. The revenue was predominantly based on the delivery of the DeFi DEX contract (£331k), with £10k from the NFT contract and a £19k contribution from IT projects in Hong Kong.

The Group recognised a gross profit of £115k compared with a gross loss of £197k for the first six months of the previous year. This was as a result of the higher revenue.

Administrative expenses were reduced to £392k (H1 2021: £573k) reflecting a reduction in personnel costs of £43k, Directors' fees of £28k, and consultancy and other overhead savings of £110k.

In Malaysia, the Group was able to sublet around half of its office space during the period, which has been substantially increased post period, thereby serving to further reduce the Group's outgoings.

The Group recognised a net gain on foreign exchange of £70k compared with a net loss of £138k for the same period of the prior year.

The lower expenses combined with the higher revenue enabled a significant reduction in operating loss for the period to £207k (H1 2021: £908k loss).

Net finance costs were £5k compared with £7k for the first half of the previous year.

As a result, loss before tax for the period was reduced to £202k (H1 2021: £915k loss) and the loss per share to 0.3 pence (H1 2021: 1.4 pence loss per share).

During the period, as announced on 25 January 2022, the Group raised £500k from the issue of convertible loan notes.

At 30 April 2022, the Group had cash and cash equivalents of £852k (31 October 2021: £582k).

## **Outlook**

In the second half of the year, the Group has continued to deliver its IT consultancy projects and maintain tight control over costs. The Group expects revenue for the full year to be significantly higher than for the year to 31 October 2021 and anticipates a substantial reduction in net loss. However, the Group expects revenue for the second half of the year to be lower than that generated in the first half as the majority of the DeFi DEX contract was delivered during the first six-month period. The Board continues to closely monitor the progress of the Group and evaluate opportunities for generating value for shareholders.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**For the six months ended 30 April 2022**

	Note	Six months ended 30 Apr 2022 Unaudited £	Six months ended 30 Apr 2021 Unaudited £	Year ended 31 Oct 2021 Audited £
Revenue	7	361,061	12,079	61,863
Cost of sales		(246,097)	(208,880)	(250,670)
Gross profit/(loss)		114,964	(196,801)	(188,807)
Administrative expenses		(391,791)	(573,030)	(864,601)
Gain/(loss) on foreign exchange		69,985	(138,498)	(126,708)
<b>Operating loss</b>		<b>(206,842)</b>	<b>(908,329)</b>	<b>(1,180,116)</b>
Finance income		9,184	263	447
Finance costs		(4,563)	(7,359)	(13,151)
<b>Loss before taxation</b>		<b>(202,221)</b>	<b>(915,425)</b>	<b>(1,192,820)</b>
Taxation		-	-	(2,109)
<b>Loss attributable to equity holders of the Company for the period</b>		<b>(202,221)</b>	<b>(915,425)</b>	<b>(1,194,929)</b>
Other comprehensive income (as may be reclassified to profit and loss in subsequent periods, net of taxes):				
Exchange difference on translating foreign operations		(21,110)	30,223	(16,949)
<b>Comprehensive income attributable to equity holders of the Company for the period</b>		<b>(223,331)</b>	<b>(885,202)</b>	<b>(1,177,980)</b>
Loss per share – basic (£ per share)	8	(0.003)	(0.014)	(0.018)
Loss per share – fully diluted (£ per share)	8	(0.003)	(0.014)	(0.018)

The accompanying notes form an integral part of these consolidated financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As at 30 April 2022**

	Note	30 Apr 2022 Unaudited £	31 Oct 2021 Audited £
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment		111,272	175,207
Right-of-use assets		60,417	163,410
Intangible assets	6	-	-
Rental deposits		30,886	29,834
<b>Total non-current assets</b>		202,575	368,451
<b>Current assets</b>			
Investment in leases		60,417	-
Trade and other receivables		162,300	127,414
Tax receivable		24,317	23,489
Cash and cash equivalents		851,639	581,618
<b>Total current assets</b>		1,098,673	732,521
<b>Total assets</b>		<b>1,301,248</b>	<b>1,100,972</b>
<b>Equity and liabilities</b>			
<b>Capital and reserves</b>			
Ordinary shares	9	647,607	647,607
Share premium		6,019,207	6,019,207
Foreign currency translation reserve		(11,780)	9,330
Accumulated losses		(6,192,621)	(5,990,400)
<b>Total equity</b>		462,413	685,744
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade payables		8,210	1,075
Accruals and other payables		203,436	244,664
Lease liabilities		100,985	94,672
<b>Total current liabilities</b>		312,631	340,411

**Non-current liabilities**

Lease liabilities		26,204	74,817
Convertible loan notes	10	500,000	-
Total non-current liabilities		<u>526,204</u>	<u>74,817</u>
<b>Total equity and liabilities</b>		<b><u>1,301,248</u></b>	<b><u>1,100,972</u></b>

The accompanying notes form an integral part of these consolidated financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**For the six months ended 30 April 2022**

	Share capital	Share premium	Foreign currency translatio n reserve	Accumulated losses	Total equity
	£	£	£	£	£
<b>Balance as at 31 October 2020 (Audited)</b>	647,607	6,019,207	(7,619)	(4,795,471)	1,863,724
Total comprehensive loss for the period	-	-	30,223	(915,425)	(885,202)
<b>Balance at 30 April 2021 (Unaudited)</b>	647,607	6,019,207	(6,682)	(1,770,877)	4,889,255
Total comprehensive loss for the period	-	-	(937)	(3,024,594)	(3,025,531)
<b>Balance at 31 October 2021 (Audited)</b>	647,607	6,019,207	9,330	(5,990,400)	685,744
Total comprehensive (loss) for the financial period			(21,110)	(202,221)	(223,331)
<b>Balance at 30 April 2022 (Unaudited)</b>	<b>647,607</b>	<b>6,019,207</b>	<b>(11,780)</b>	<b>(6,192,621)</b>	<b>462,413</b>

The accompanying notes form an integral part of these consolidated financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the six months ended 30 April 2022**

	Six months ended 30 Apr 2022 Unaudited £	Six months ended 30 Apr 2021 Unaudited £	Year ended 31 Oct 2021 Audited £
<b>Cash flows from operating activities</b>			
Loss before taxation	(202,221)	(915,425)	(1,192,820)
<i>Adjustment for:-</i>			
Depreciation charges	117,383	60,137	119,328
Interest income	(9,184)	(263)	(447)
Loss/(gain) on foreign exchange	(57,595)	(61,843)	116,106
Operating loss before working capital changes	(151,617)	(709,451)	(957,833)
(Increase)/ decrease in receivables	(34,886)	13,916	(56,318)
(Decrease)/ increase in payables	(15,840)	47,602	(48,854)
(Decrease)/ increase in amount owing to directors	(9,116)	-	2,533
Tax paid	-	-	(2,109)
<b>Cash used in operations</b>	(211,459)	(647,933)	(1,062,581)
Interest received	9,184	263	447
<b>Net cash used in operating activities</b>	(202,275)	(646,670)	(1,062,134)
<b>Cash flows from investing activities</b>			
Acquisition of plant and equipment	-	(4,975)	(6,540)
<b>Net cash used in investing activities</b>	-	(4,975)	(6,540)
<b>Cash flows from financing activities</b>			
Repayment of lease liabilities	(55,862)	(44,803)	(82,512)
Issue of convertible loan notes	500,000	-	-
<b>Net cash from / (used in) financing activities</b>	444,138	(44,803)	(82,512)
<b>Net increase / (decrease) in cash and cash equivalents</b>	241,863	(697,448)	(1,151,186)
Cash and cash equivalents at beginning of the period	581,618	1,827,379	1,827,379
Effect of exchange rates on cash and cash equivalents	28,158	(107,346)	(94,575)
<b>Cash and cash equivalents at end of the period</b>	<b>851,639</b>	<b>1,022,585</b>	<b>581,618</b>

The accompanying notes form an integral part of these consolidated financial statements.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

AIQ Limited (“the Company”) was incorporated and registered in The Cayman Islands as a private company limited by shares on 11 October 2017 under the Companies Law (as revised) of The Cayman Islands, with the name AIQ Limited, and registered number 327983.

The Company’s registered office is located at 5th Floor Genesis Building, Genesis Close, PO Box 446, Cayman Islands, KY1-1106.

The Company has a standard listing on the London Stock Exchange.

The consolidated financial statements include the financial statements of the Company and its controlled subsidiaries (the “Group”).

### 2. PRINCIPAL ACTIVITIES

The principal activity of the Company is to seek acquisition opportunities and to act as a holding company for a group of subsidiaries that are involved in the technology sector.

The Group is an information technology (IT) solutions provider, currently focused on the delivery of blockchain platforms in Asia through the provision of IT consultancy.

### 3. ACCOUNTING POLICIES

#### a) Basis of preparation

The condensed consolidated interim financial statements have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and International Accounting Standard 34 “Interim Financial Reporting” (IAS 34). Other than as noted below, the accounting policies applied by the Group in these condensed interim financial statements are the same as those set out in the Group’s audited financial statements for the year ended 31 October 2021. These financial statements have been prepared under the historical cost convention and cover the six-month period to 30 April 2022.

These condensed financial statements do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the audited financial statements for the year ended 31 October 2021.

The condensed interim financial statements are unaudited and have not been reviewed by the auditors and were approved by the Board of Directors on 28 July 2022.

The financial information is presented in Pounds Sterling (£), which is the presentational currency of the Company.

A summary of the principal accounting policies of the Group are set out below.

#### b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to the end of the reporting period. Subsidiaries are entities over which the Group has control. The Group controls an investee if the Group has power over the investee, exposure to variable returns from the investee, and the ability to use its power to affect those variable returns.

The consolidated financial statements present the results of the Company and its subsidiaries as if they formed a single entity. Inter-company balances and transactions between Group companies are therefore eliminated in full. The financial information of subsidiaries is included in the Group’s financial statements from the date that control commences until the date that control ceases.



### c) Going concern

The financial statements are required to be prepared on the going concern basis unless it is inappropriate to do so.

The Group incurred losses of £0.2 million during the period and cash outflows from operating activities of £0.2 million. As at 30 April 2022, the Group had net current liabilities of £0.1 million and cash of £0.9 million. The Group's cash position was approximately £800,000 at the date of this report.

The Group meets its day-to-day working capital requirements through cash generated from the capital it raised on admission to the London Stock Exchange, the issue of the convertible loan notes in the period (see note 10) and from the operations of its subsidiaries.

Notwithstanding these actions, a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern with the uncertainty of future trading performance giving rise to a material uncertainty over the going concern status of the Group. The Directors consider the Group to be a going concern but have identified a material uncertainty in this regard.

## 4. SUBSIDIARIES

Name	Place of incorporation	Registered address	Principal activity	Effective interest	
				30.04.2022	31.10.2021
Alchemist Codes Sdn Bhd	Malaysia	2-9, Jalan Puteri 4/8, Bandar Puteri, 47100 Puchong, Selangor Darul Ehsan Malaysia	Design and development of software	100%	100%
Alcodes International Limited*	Hong Kong	Cyberport 3, 3 Cyberport Road, Telegraph Bay, Hong Kong	Software and app development	100%	100%

\* Held by Alchemist Codes Sdn Bhd

## 5. INTANGIBLE ASSETS

Goodwill and acquisition related intangible assets arising from the acquisition of Alchemist Codes were fully impaired in the year ended 31 October 2020. The OctaPLUS Platform and Messenger App were also fully impaired in the year ended 31 October 2021.

No research and development costs were capitalised in the period ended 30 April 2022.

## 6. REVENUE

	<b>Six months ended 30 Apr 2022 Unaudited</b>	<b>Six months ended 30 Apr 2021 Unaudited</b>	<b>Year ended 31 Oct 2021 Audited</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Sale of software products	19,052	10,635	37,639
Project management and coordination income	341,263	-	19,415
Cashback income	746	1,332	4,628
Other	-	112	181
<b>Total</b>	<b>361,061</b>	<b>12,079</b>	<b>61,863</b>

All revenues were generated in Asia.

During the period ended 30 April 2022, one customer accounted for £331,619 (92%) of revenues. No other customers accounted for more than 10%.

An analysis of revenue by the timing of the delivery of goods and services to customers for the period ended 30 April 2022 and the year ended 31 October 2021 is as follows:

	Goods transferred at a point in time	Services transferred over time
	<b>Six months ended 30 Apr 2022 Unaudited</b>	<b>Six months ended 30 Apr 2022 Unaudited</b>
	£	£
Sale of software products	-	-
Project management	-	360,315
Cashback income	746	-
Other	-	-
<b>Total</b>	<b>746</b>	<b>360,315</b>

	Goods transferred at a point in time	Services transferred over time
	<b>Six months ended 30 Apr 2021 Unaudited</b>	<b>Six months ended 30 Apr 2021 Unaudited</b>
	£	£
Sale of software products	-	10,635
Project management	-	-
Cashback income	1,332	-
Other	112	-
<b>Total</b>	<b>1,444</b>	<b>10,635</b>

	Goods transferred at a point in time	Services transferred over time
	<b>Year ended 31 Oct 2021 Audited</b>	<b>Year ended 31 Oct 2021 Audited</b>
	£	£
Sale of software products	35,424	2,215
Project management	12,822	6,593
Cashback income	-	4,628
Other	-	181
<b>Total</b>	<b>48,246</b>	<b>13,617</b>

## 7. SEGMENT REPORTING

IFRS 8 defines operating segments as those activities of an entity about which separate financial information is available and which are evaluated by the Board of Directors to assess performance and determine the allocation of resources. The Board of Directors is of the opinion that under IFRS 8 the Group has only one operating segment, the sale of software and ancillary services. The Board of Directors assesses the performance of the operating segment using financial information that is measured and presented in a manner consistent with that in the Financial Statements.

All revenues were derived from Asia.

## 8. LOSS PER SHARE

The Company presents basic and diluted earnings per share information for its ordinary shares. Basic loss per share is calculated by dividing the loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares in issue during the reporting period. Diluted earnings per share are determined by adjusting the loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

	<b>Six months ended 30 Apr 2022</b>	<b>Six months ended 30 Apr 2021</b>	<b>Year ended 31 Oct 2021</b>
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Audited</b>
	£	£	£
Loss after tax attributable to owners of the Company	<b>(202,221)</b>	<b>(885,202)</b>	<b>(1,177,980)</b>
Weighted average number of shares:			
- Basic	64,760,721	64,760,721	64,760,721

Conversion of loan note at period end share price	5,555,556	-	-
Fully diluted	70,316,277	64,760,721	64,760,721
Loss per share (expressed as £ per share)			
- Basic	(0.003)	(0.014)	(0.018)
- Fully diluted	(0.003)	(0.014)	(0.018)

## 9. SHARE CAPITAL

	Six months ended	Six months ended	Year ended
	30 Apr 2022	30 Apr 2021	31 Oct 2021
	Unaudited	Unaudited	Audited
	£	£	£
As at beginning of period	647,607	647,607	647,607
As at end of period	647,607	647,607	647,607

	Number	Nominal value £
<b>Authorised</b>		
Ordinary shares of £0.01 each	<b>800,000,000</b>	<b>8,000,000</b>
<b>Issued and fully paid:</b>		
As at 1 November 2021	64,760,721	647,607
Issue of shares in the period	-	-
At 30 April 2022	<b>64,760,721</b>	<b>647,607</b>

## 10. CONVERTIBLE LOAN NOTES

On 24 January 2022, the Company entered into an unsecured convertible loan note agreement for a total subscription of £500,000 (the "Loan Notes").

The Loan Notes have an expiration date of 24 January 2024 ("Expiration Date") and can be repaid, in part or in full, by the Company on 31 December in any year prior to the Expiration Date by giving not less than 14 days' written notice to the noteholders. All outstanding Loan Notes attract interest at a rate of 5% per annum from the date of issue (24 January 2022) to the date of repayment or conversion.

The Loan Notes shall be convertible into new Ordinary Shares of the Company at the lesser of 11 pence per Ordinary Share or the Volume Weighted Average Price of the Company's Ordinary Shares on the London Stock Exchange in the seven-day period prior to the date on which the Loan Note is converted into Ordinary Shares. The Loan Notes shall be convertible, in part or in full, at any time from the date of issue until the Expiration Date by the noteholder giving to the Company at least one week's written notice.