

30 April 2024

Cloudified Holdings Limited

("Cloudified" or "the Company")

Interim results

Cloudified Holdings Limited ("Cloudified" or "CHL" or "the Group" or "the Company"), an AIM quoted cash shell, announces its unaudited interim results for the six months ended 30 September 2023 (the "Period").

Highlights post Period

- Disposal of Falanx Cyber Defence Limited and Falanx Cyber Technologies Limited and transition to a cash shell under AIM Rule 15 completed on 12 December 2023
- All monies received from the disposal, all debt paid down with restructuring and reduction of central costs completed in December 2023
- The Directors are actively pursuing the acquisition of another company or business, in exchange for the issue of ordinary shares in a single transaction, as a "reverse takeover" or "RTO", which will only be able to proceed with Cloudified shareholder approval
- Cash of £530,000 as at 31 March 2024
- Mike Read (former CEO and director) retired on 31 March 2024

Review of the six-month period to 30 September 2023

- Main activity was the disposal of the cyber security division
- Loss from discontinued items of £0.59m (2022: £0.95m)
- Loss from continuing operations of £0.55m (2022: £0.54m). This loss represented costs which were not reflected in the cyber entities disposed of in December 2023

This announcement contains inside information for the purposes of Article 7 of the UK version of Regulation (EU) No 596/2014 which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended ("MAR"). Upon the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain.

Enquiries:

Cloudified Holdings Limited

Alex Hambro (Director)

Ian Selby (Director)

Via IFC

WH Ireland

Mike Coe/ Sarah Mather (Nomad)

John Cummins (Corporate Broking)

+ 44 (0) 207 220 1666

IFC Advisory Ltd

Financial PR & IR

Graham Herring / Zach Cohen

+44 (0) 203 934 6630

The Directors present the interim results for the six months ended 30 September 2023

Business Review

Historically, the Group functioned as a provider of cyber security services to the SME market via its former subsidiary Falanx Cyber Defence Limited. On 12 December 2023, the Group finalised the sale of its cyber security assets, transitioning to a cash shell in accordance with AIM Rule 15 on the same day.

As explained in the annual report for the year ended 31 March 2023, the former cyber security business had previously made several strategic investments aimed at promoting growth. Despite these efforts, there was no significant growth in Monthly Recurring Revenue (MRR) due to shifts in customer buying patterns to direct purchases from Managed Service Providers ("MSP"), and the emergence of the MSP driven Microsoft Sentinel cyber security monitoring platform. Compounded by a decelerating economy and various external factors, the prospects of the former business operating as a self-sustaining business which could generate the necessary cash flows were diminished. Consequently, faced with the necessity to refinance debt amidst challenging equity (and debt) markets especially for small companies, the Board decided to initiate a formal sale process.

The prime focus of the Company in the Period was therefore running the sale process of the cyber assets to maximise disposal value against a difficult market backdrop. Dedicated external advisors were appointed and a comprehensive process was undertaken. This sale was announced on 9 November 2023 and successfully concluded on 12 December 2023. As a result, all trading activities within the Group ceased, transitioning the Company into a cash shell.

The Directors are actively pursuing the acquisition of another company or business, in exchange for the issue of ordinary shares in a single transaction via an RTO. Such a transaction will only proceed with the approval of shareholders. In deliberating the Company's future direction, the Directors are committed to identifying opportunities that hold the potential for value creation and returns to shareholders over the medium to long term, whether in the form of capital appreciation or dividends. There can be no certainty that a suitable RTO opportunity will lead to a transaction. If the Board do not identify a suitable business to acquire via an RTO, funds will be returned to Shareholders via a member's voluntary liquidation. The Board aims to minimise the cash costs of the shell and regularly assesses the prospects of a successful RTO against wider economic and market conditions.

Principal Risks and Uncertainties

On 12 December 2023 the Company became an AIM Rule 15 cash shell and as such will be required to make an acquisition or acquisitions which constitutes a reverse takeover under AIM Rule 14 (including seeking re-admission as an investing company (as defined under the AIM Rules)) on or before 13 June 2024, or be re-admitted to trading on AIM as an investing company under AIM Rule 8 (which requires the raising of at least £6 million in cash via an equity fundraising on, or immediately before, re-admission). Failure to meet this deadline will result in the Company's ordinary shares being suspended from trading on AIM pursuant to AIM Rule 40. Admission to trading on AIM would then be cancelled six months from the date of this suspension should the reason for the suspension not have been rectified pursuant to AIM Rule 41.

The Group's results for the six months ended 30 September 2023 are set out in the consolidated statement of comprehensive income.

Financial Review

Income Statement

In the six months to 30 September 2023, continuing operations solely comprised of costs held in the Company. Some of these were for support services (IT, finance, HR & legal) across the wider Group, disposal transaction costs, as well as the usual board and listing related costs. On completion of the disposal on 12 December 2023 and transitioning to a cash shell, the business was restructured and costs were greatly reduced.

Discontinued operations (loss £0.55m, 2022: £0.95m) represented the trading of cyber security division. In 2023 the Cyber Division's revenues had grown by c.3% but this was much less than planned as referenced previously. This loss included all amortisation and interest costs in the Group, with the latter relating to borrowings held by the former subsidiary. On completion of the disposal these borrowing costs were wholly eliminated.

Statement of Financial Position

Assets (and liabilities) held for sale arising from discontinued activities represented items transferred on completion of the disposal. The intangible assets arose from goodwill, acquired customer bases and R&D assets and were wholly related to the cyber security division. The Reading premises, which were used by the discontinued operations but were leased by the Company, were assigned to the buyers on completion. Consequently, the premises related right of use asset (and associated

liabilities), as well as office infrastructure, have all been included within items held for sale, and were transferred from the Group on completion of the disposal on 12 December 2023. Similarly, all trade debtors, R&D tax credit assets, deferred incomes, prepayments, creditors, accruals, and borrowings, which related to the cyber security division were transferred on completion of the sale and therefore also were transferred from the Group on the same day.

Remaining assets & liabilities related to cash balances, routine prepayments and trade creditors and accruals.

Overall shareholders' funds decreased to £0.66m (2022: £2.87m) due to losses from continuing and discontinued operations.

Cash Flow Statement

Cost reductions in discontinued activities reduced losses and therefore cash outflows were reduced to £0.61m (2022: outflow £1.53m). Additionally, the Group repaid its borrowings as scheduled and incurred fees related to the disposal process. Consequently closing cash balances were reduced to £0.35m (2022: £1.95m).

Events After Reporting Date

On 9 November 2023, the Company announced the sale of its cyber security division. The purchaser, Thetis Bidco Limited, the owner of Wavenet Ltd, an MSP supported by MacQuarrie, acquired the division for an enterprise value of £4.2m, subject to customary adjustments for debt, intercompany balances, and working capital normalisation. Shareholder approval for the sale was obtained at the general meeting convened on 27 November 2023, with the transaction being finalised on 12 December 2023.

Movements in cash since the completion of the disposal on 12 December 2023 to the 31 March 2024 are set out below.

	£'000
Enterprise Value (payable in cash)	4,200
Adjustments for borrowings, debt and working capital	(2,402)
Transaction Costs	(563)
Restructuring Costs	(705)
Cash at 31 March 2024	530

Following the completion of the sale, the Company swiftly adjusted its operational structure to align with its new status as a cash shell, resulting in significant reductions in Group expenses and the implementation of redundancies for executives and other personnel in accordance with their contractual terms. As of 31 March 2024, the Company's cash balances were approximately £530,000. The Group is debt free, and the expected ongoing cost base is around £25,000 per month

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS PERIOD ENDED 30 SEPTEMBER 2023**

	6 Months to 30 Sep 2023 (Unaudited)	6 Months to 30 Sep 2022 (Unaudited)	Year to 31 Mar 2023 (Audited)
	£	£	£
Revenue	—	—	—
Cost of sales	—	—	—
Gross profit	—	—	—
Administrative expenses	(558,818)	(540,450)	(1,195,191)
Operating loss	(558,818)	(540,450)	(1,195,191)
Finance income	4,765	741	5,607
Finance expense	(465)	—	—
Net finance income / (expense)	4,300	741	5,607
Loss before income tax	(554,518)	(539,709)	(1,189,584)
Income tax credit	—	—	—
Loss for the period from continuing operations	(554,518)	(539,709)	(1,189,584)
Loss from discontinued operations, net of tax	(592,046)	(948,179)	(1,360,554)
Loss for the period	(1,146,564)	(1,487,888)	(2,550,138)
Other comprehensive income:	—	—	—
Total comprehensive loss for the period	(1,146,564)	(1,487,888)	(2,550,138)
Loss per share from continuing operations			
Basic & diluted loss per share	(11) p	(10) p	(23) p
Loss per share from discontinued operations			
Diluted loss per share	(11) p	(18) p	(26) p

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023**

	6 Months to 30 Sep 2023 (Unaudited)	6 Months to 30 Sep 2022 (Unaudited)	Year to 31 Mar 2023 (Audited)
	£	£	£
Assets			
Non-current assets			
Property, plant & equipment	—	105,505	—
Intangible assets	—	3,124,010	—
Right of use asset	—	141,768	—
	—	3,371,283	—
Current assets			
Trade and other receivables	119,181	1,215,741	127,799
Cash and cash equivalents	353,080	1,955,488	974,333
	472,261	3,171,229	1,102,132
Assets in a disposal group classified as held for sale	3,776,733	—	4,421,446
Total assets	4,248,994	6,542,512	5,523,578

Equity			
Capital and reserves attributable to equity holders of the Company			
Share premium account	4,035,003	4,043,194	4,035,003
Share based payment reserve	697,900	711,651	697,900
2022 liabilities reserve	—	1,000,000	—
Retained earnings	(4,076,572)	(2,885,364)	(2,930,008)
Total equity	656,331	2,869,481	1,802,895
Liabilities			
Non-current liabilities			
Lease liability	—	93,641	—
Borrowings	—	1,840,369	—
	—	1,934,010	—
Current liabilities			
Trade and other payables	389,494	618,771	265,738
Contract liabilities	—	529,209	—
Lease liability	—	54,833	—
Borrowings	—	536,208	—
	389,494	1,739,021	265,738
Liabilities directly associated with assets in the disposal group classified as held for sale	3,203,169	—	3,454,945
Total liabilities	3,592,663	3,673,031	3,720,683
Total equity and liabilities	4,248,994	6,542,512	5,523,578

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Accumulated losses	Share based payment reserve	2022 Liabilities reserve	Total
	£	£	£		£
Balance at 1 April 2022	4,043,194	(1,397,476)	703,151	1,000,000	4,348,869
Loss for the year	—	(2,550,138)	—	—	(2,550,138)
Transactions with owners:					
Capital reconstruction		(1,000,000)		1,000,000	—
Proceeds from sale of fractional shares	18	—	—	—	18
Costs of share consolidation	(8,209)	—	—	—	(8,209)
Share based payment charge	—	—	12,355	—	12,355
Forfeited share options reversed through reserves	—	17,606	(17,606)	—	—
Balance at 31 March 2023	4,035,003	(2,930,008)	697,900	—	1,802,895
Loss for the year	—	(1,146,564)	—	—	(1,146,564)
Transactions with owners:					
Issue of share capital	—	—	—	—	—
Share based payment charge	—	—	—	—	—
Balance as at 30 September 2024	4,035,003	(4,076,572)	697,900	—	656,331

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2023

	6 Months to 30 Sep 2023 (Unaudited) £	6 Months to 30 Sep 2022 (Unaudited) £	Year to 31 Mar 2023 (Audited) £
Cash flows from operating activities			
Loss before tax from continuing activities	(554,518)	(539,709)	(1,189,584)
(Loss) / profit before tax from discontinued activities	(592,046)	(948,179)	(1,360,554)
(Loss) / profit before tax	(1,146,564)	(1,487,888)	(2,550,138)
Adjustments for:			
Depreciation	22,498	30,190	61,418
Amortisation of intangibles	134,774	138,652	286,533
Amortisation of right of use assets	25,776	49,215	87,879
Share based payment	—	8,500	12,355
Profit on disposal of equipment, fixtures & fittings	(3,355)	—	—
Amortisation of borrowing cost	139,761	20,964	41,928
Net finance expense recognised in profit or loss	148,912	145,876	295,136
	(678,198)	(1,094,491)	(1,764,889)
Changes in working capital:			
Increase/(decrease) in trade and other receivables	361,794	(23,520)	(186,649)
Decrease in trade and other payables	134,177	(186,425)	122,997
Cash generated from / used in operations	(182,227)	(1,304,436)	(1,828,541)
Interest paid	(3,714)	(497)	(934)
Net cash used in operating activities	(185,941)	(1,304,933)	(1,829,475)
Cash flows from investing activities			
Interest received	5,617	741	5,607
Acquisition of property, plant and equipment	—	(31,344)	(48,209)
Disposal of property, plant & equipment	479	—	—
Net cash used in investing activities	6,096	(30,603)	(42,602)
Cash flows from financing activities			
Repayment under finance lease	(15,251)	(41,093)	(62,951)
Interest paid on lease liabilities	(4,435)	(8,619)	(16,290)
Repayment of borrowings	(275,342)	(4,827)	(265,702)
Interest paid on borrowing	(146,380)	(137,500)	(283,519)
Proceeds from trade of fractional shares	—	—	18
Costs of share consolidation	—	—	(8,209)
Net cash used in / generated from financing activities	(441,408)	(192,039)	(636,653)
Decrease/(increase) in cash equivalents	(621,253)	(1,527,575)	(2,508,730)
Cash and cash equivalents at beginning of the period	974,333	3,483,063	3,483,063
Cash and cash equivalents at end of the period	353,080	1,955,488	974,333

NOTES TO INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

1. General information

Cloudified Holdings Limited (the “Company” or “Cloudified”) is a cash shell under Rule 15 of the AIM rules. This followed the disposal of its trading subsidiaries in the cyber security division on 12 December 2023. The Company is a public limited company which is listed on the AIM Market of the London Stock Exchange and is incorporated and domiciled in the British Virgin Islands. The address of its registered office is PO Box 173, Kingston Chambers, Road Town, Tortola, British Virgin Islands. The UK registered office is c/o Blake Morgan LLP, Apex Plaza, Forbury Road, Reading, RG1 1AX.

2. Basis of preparation

These interim financial statements have been prepared in accordance with UK adopted International Accounting Standards. They do not contain all the information required for full financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 March 2023. These interim financial statements do not constitute statutory accounts within the meaning of the Companies Act. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

The interim financial information has not been reviewed nor audited by the auditors. The interim financial information was approved by the Board of Directors on 29 April 2024. The information for the year ended 31 March 2023 is extracted from the statutory financial statements for that year which have been reported on by the Group’s auditors and delivered to the Registrar of Companies. The audit report was unqualified, but it did include an emphasis of matter which explained that the directors having made the decision to dispose of the trading subsidiaries of the Group, have made the decision to cease trading and therefore do not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements, and this is further discussed below. This interim results announcement does not constitute statutory accounts under Section 435 of the companies Act 2000

The accounting policies applied by the Group in these interim financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended and as at 31 March 2023. The interim report is the responsibility of, and has been, approved by the Directors. The Directors are responsible for preparing the interim financial statements in accordance with the AIM Rules for Companies.

Going concern

The Company is now a cash shell and has no trading operations. On 31 March 2024 it had cash balances of £530,000 and a forecasted cash consumption rate of circa £25,000 per month comprising of directors’ fees, audit costs and advisory fees. The sale of the Cyber Division in December 2023 included a Warranties and Indemnities insurance policy which caps the Company’s liabilities (save in the case of fraud) at £1. The major expected cost going forward is expected to be professional fees which will be incurred on pursuing RTO opportunities. The board in conjunction with advisors will screen investment opportunities carefully ahead of incurring fees, to understand the ability of a target to list successfully via an RTO and will seek legally binding cost coverage and exclusivity protections from potential targets when agreeing heads of terms with them.

The definition of a going concern is that of “any entity unless its management intends to liquidate the entity or to cease trading or has no realistic alternative to liquidation or cessation of operations”. The Directors have taken the decision to cease trading through the disposal of all subsidiaries of the Company and, as such, have prepared the financial statements on a basis other than a going concern. Where, as a result of preparing the accounts on a basis other than going concern gains have not been recorded on assets in cases where the realisation of assets is greater than the value held within the financial statements as a result of events that have occurred subsequent to 31 March 2023. The Directors do not consider that this basis of preparation has given rise to any material differences compared to the financial statements prepared on a going concern basis.

The directors will consider returning cash to shareholders by way of a solvent members voluntary liquidation process should a suitable transaction not be viewed as not likely to complete. The directors obtained such authority to appoint liquidators to carry out an MVL at the general meeting held on 27 November 2023.

3. Critical accounting estimates and judgements

The preparation of the Group financial statements in conformity with IFRSs as applied in accordance with the provisions of the Companies Act 2006 requires the use of certain critical accounting estimates. It also requires management to exercise its

judgement in the process of applying the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the present circumstances. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Group financial statements are disclosed below.

Estimates:

Management do not consider there to be significant accounting estimates in respect of the six month period ended 30 September 2023 or for the years ended 31 March 2023 and 31 March 2022.

Impairment of intangible assets

All intangible assets related to the former cyber security business. The directors reviewed the totality of intangible assets held (being customer base and goodwill) compared to expected sales proceeds based on metrics from similar deals in the cyber security sector. The total NBV of intangibles prior to transfer to assets held for sale was £2.84m. On the basis that the accounts are prepared on a basis other than going concern, the board assessed whether there should be any material reductions in value to the assets held for sale at the balance sheet date based on our knowledge of events after the year end which showed that the assets were sold for an enterprise value of £4.2m and that no adjustment was therefore required.

4. Discontinued operations

On 12 December 2023, the Company announced that it had completed the disposal of Falanx Cyber Defence Limited and Falanx Cyber Technologies Limited (together the "Cyber Division") for an enterprise value of £4.2 million (payable in cash) to Thetis Bidco Limited. This represented all of the professional services and monitoring managed services operating segments other than some remaining operating costs supporting the AIM Rule 15 cash shell. In the year ended 31 March 2023, management were committed to selling the Cyber division with the sale of these businesses being considered highly probable within 12 months. There was a board meeting held on 30 March 2023 to discuss the sale of the Cyber Division and a letter was sent to BOOST&Co on 31 March 2023 outlining the position, therefore 31 March 2023 is considered to be the date the Cyber Division are classified as held for sale and therefore included in discontinued operations. All assets and liabilities relating to the cyber security division, including those which were held in the name of the parent company (such as the lease on the Reading offices) and the borrowings from BOOST&Co (which were held by Falanx Cyber Defence Limited) were therefore treated as items held for sale.

The results of the discontinued operations and the effect of the discontinued operations on the financial position of the Group were as follows:

Financial performance information

Results of the discontinued operations for the year for Falanx Cyber Defence Limited and Falanx Cyber Technologies Limited

	6 Months to 30 Sep 2023 (Unaudited)	6 Months to 30 Sep 2022 (Unaudited)	Year to 31 Mar 2023 (Audited)
	£	£	£
Income statement			
Revenue	1,842,275	1,787,864	3,790,373
Administrative expenses	(2,141,348)	(2,568,463)	(4,808,256)
Operating loss	(299,073)	(780,599)	(1,017,883)
Finance costs	(292,973)	(167,580)	(342,671)
Loss before income tax	(592,046)	(948,179)	(1,360,554)
Income tax credit	—	—	—
Loss from discontinued operations before gain on sale	(592,046)	(948,179)	(1,360,554)
Profit on sale of discounted operations	—	—	—
(Loss) / Profit from discontinued operation	(592,046)	(948,179)	(1,360,554)

Effect of discontinued operations on the financial position of the Group

6 Months to Year to

	30 Sep 2023 (Unaudited)	31 Mar 2023 (Audited)
	£	£
Net assets disposed of and the gain on disposal		
Assets of the disposal group		
Property, plant & equipment	37,195	90,367
Intangible assets	2,841,256	2,976,129
Right of use asset	—	103,104
Trade and other receivables	898,182	1,251,846
Total assets	3,776,633	4,421,446
Liabilities of the disposal group		
Trade and other payables	628,509	595,992
Contract liabilities	573,574	595,670
Borrowings	2,001,086	2,136,667
Lease liabilities	—	126,616
Total liabilities	3,203,169	3,454,945
Net assets of the disposal group	573,564	966,501

5. Earnings per share

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year. There are no dilutive share options at present as these would currently increase the loss per share.

Continuing operations

	6 Months to 30 Sep 2023 (Unaudited)	6 Months to 30 Sep 2022 (Unaudited)	Year to 31 Mar 2023 (Audited)
	£	£	£
(Loss) / Profit for the year attributable to equity holders of the Company	(1,146,564)	(1,487,888)	(2,550,138)
Less (loss) / Profit from discontinued operations	(592,046)	(948,179)	(1,360,554)
Loss from continuing operations	(554,518)	(539,709)	(1,189,584)
Total basic and diluted (loss)/profit per share from continuing operations (pence per share)	(11)	(10)	(23)

Continuing and discontinued operations

	6 Months to 30 Sep 2023 (Unaudited)	6 Months to 30 Sep 2022 (Unaudited)	Year to 31 Mar 2023 (Audited)
	£	£	£
(Loss) / Profit for the year attributable to equity holders of the Company	(1,146,564)	(1,487,888)	(2,550,138)
Total basic and diluted profit / (loss) per share (pence per share)	(22)	(28)	(48)

Weighted average number of shares used as the denominator

	6 Months to 30 Sep 2023 (Unaudited)	6 Months to 30 Sep 2022 (Unaudited)	Year to 31 Mar 2023 (Audited)

Weighted average number of ordinary shares used as the denominator in the calculating basic earnings per share	5,264,212	5,254,012	5,264,212
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As at 30 September 2023, the potentially dilutive ordinary shares were anti-dilutive because the Group was loss-making.

6. Events after the reporting period

On 9 November 2023, the Company announced the sale of its cyber security division. The purchaser, Thetis Bidco Limited, the owner of Wavenet Ltd, an MSP supported by MacQuarrie, acquired the division for an enterprise value of £4.2 million, subject to customary adjustments for debt, intercompany balances, and working capital normalisation. Shareholder approval for the sale was obtained at the general meeting convened on 27 November 2023, with the transaction being finalised on 12 December 2023.

Movements in cash since the completion of the disposal on 12 December 2023 to the 31 March 2024 are set out below.

	£'000
Enterprise value (payable in cash)	4,200
Adjustments for borrowings, debt and working capital	(2,402)
Transaction Costs	(563)
Restructuring Costs	(705)
Cash at 31 March 2024	530

Following the completion of the sale, the Company swiftly adjusted its operational structure to align with its new status as a cash shell, resulting in significant reductions in Group expenses and the implementation of redundancies for executives and other personnel in accordance with their contractual terms. As of 31 March 2024, the Company's cash balances were approximately £530,000 which was greater the anticipated level forecasted at the time of the disposal announcement on 9 November 2023. The Group is now debt free, and the expected ongoing cost base is approximately £25,000 per month.

On 27 November 2023 the Company changed its name from Falanx Cyber Security Limited to Cloudified Holdings Limited. Mike Read retired as a director on 31 March 2024.