

Chairman's statement

I am pleased to present the results of Acuity RM Group plc for the six month period ended 30 June 2024.

The Group has continued to make good progress in the Period, winning new business, securing new partners and developing the Group's infrastructure and capability. In June 2024 the Company completed a fundraising to raise gross proceeds of c. £1.0m to fund an acceleration in the development of the business. This fundraise has strengthened the Group's cash position which as at 30 June 2024 was £1.86m (31 December 2023: £0.1m).

The Company's strategic aim remains unchanged, being to increase revenues, particularly recurring revenues, to generate cash and profits and so drive shareholder value.

Financial overview

For the Period the Group reported revenue of £1.0m, an operating loss of £634k and a loss after tax of £590k.

In the Period, whilst the Group won orders valued at over £733k (H1 2023: £608k), it is disappointing that there were few new large orders to announce because the larger opportunities have been complex and are taking longer to convert. Importantly, annual recurring revenue continues to build and was £900k for the half year to 30 June 2024 (6 months to June 2023: £806k). Total forward contracted revenues as at 30 June 2024 stood at £3.107m (31 December 2023: £2.900m).

The sales pipeline as at 30 June 24 was £7.9m (£4.4m 30 June 2023).

As referenced above, in June 2024, the Company successfully raised £1.0m (before expenses) from new and existing Shareholders. The Board is pleased to have received support from its shareholders as well as having a number of new institutional shareholders invest in the group alongside the executive directors.

Operational overview

During the Period, the Group has strengthened the marketing team and launched a campaign to enhance the Group's position as a leading risk management company in the governance risk and compliance ("GRC") market. The initiative aims to better communicate the value of the Group's offerings with changing market needs.

The Group has expanded its sales structure during the Period by recruiting experienced senior business development managers with a background in the GRC market. Additionally, the Group has recruited new partners to help increase sales in the UK, North America and Europe.

The Group's award-winning STREAM® is a GRC software platform, which analyses data about organisations to improve business decisions and management. It is used by organisations including government, utilities, defence, broadcasting, manufacturing and healthcare. Most customers use it for managing cybersecurity and IT risks and for compliance with ISO 27001 and other standards and regulations. STREAM® is sold on a SaaS or private cloud delivery (on-premise) basis, typically with a three year licence, invoiced annually in advance. Sales are made direct through the Company's own sales team and via a growing network of partners in the UK, the US and Europe. The Group is working on a major redevelopment of STREAM® to enhance the product's technical abilities and user experience.

In April 2024, the Group launched a new product, STORM. STORM is designed to address the emerging market for managing risk assessment at venues and public events, particularly those with a capacity of 800 or more. The Directors believe there is a significant opportunity for this product, as anticipated legislative requirements should drive demand, making STORM a crucial addition to the Group's portfolio.

Board

Kate Buchan, who joined the Company at the end of November 2023, has been appointed to the boards of the Company and Acuity as Finance Director. Kate has over 25 years of experience as a chartered accountant, having worked in head office finance functions for Lloyds Banking Group and Credit Suisse.

Outlook

There is much work to do to enable the Company to achieve its targets and potential. The Board is implementing programmes to improve (1) marketing and sales ability to seize upcoming growth opportunities and (2) the products to broaden and strengthen their appeal. Looking forward, the Board is confident that its initiatives will deliver benefits and drive growth. I would like to thank the shareholders, the staff, my colleagues on the Board and the Company's advisers for their continuing support.

Angus Forrest

Chairman

Condensed consolidated statement of comprehensive income

For the 6 months ended 30 June 2024

	Notes	Unaudited 6 months to 30 June 2024	Unaudited 6 months to 30 June 2023 ¹	Audited 12 months to December ¹ 2023
		£'000	£'000	£'000
Revenue	5	1,049	347	1,366
Cost of sales		(103)	(33)	(112)
Gross profit		946	314	1,254
Administrative expenses		(1,533)	(649)	(2,167)
Operating loss		(586)	(335)	(913)
Finance - net expense		(11)	(1)	(19)
Loss on investments		(36)	(73)	(66)
Share based payments expense		-	25	(61)
Exceptional Costs		-	-	(282)
Loss for the period before taxation		(634)	(384)	(1,341)
Tax		44	-	-
Loss for the period after taxation		(590)	(384)	(1,341)
Basic and diluted (loss) per share from loss for the period	4	(0.48)p	(0.55)p	(1.39)p

¹The comparatives include the results of the subsidiary, Acuity Risk Management Limited, from date of acquisition, 25 April 2023.

Condensed consolidated statement of financial position

For the 6 months ended 30 June 2024

	Notes	Unaudited 6 months to 30 June 2024	Unaudited 6 months to 30 June 2023	Audited 12 months to December 2023
		£'000	£'000	£'000
Non current assets				
Intangible assets		5,315	6,204	5,387
Tangible assets	6	10	10	8
Investments at fair value through profit or loss	8	207	232	244
Total non current assets		5,532	6,446	5,639
Current assets				
Trade and other receivables		324	678	1,255
Cash and cash equivalents		1,855	493	100
Total current assets		2,179	1,171	1,355
Total assets		7,711	7,617	6,994
Current and long term liabilities				
Trade, other payables and loans		858	568	876
Deferred income		2,403	1,406	2,030
Total liabilities		3,261	1,974	2,906
Net assets		4,450	5,643	4,088
Equity				
Share capital	7	2,796	2,767	2,767
Share premium		13,370	12,269	12,447
Share based payment reserve		112	67	112
Merger reserve		1,012	1,833	1,012
Retained earnings		(12,840)	(11,293)	(12,250)
Total Equity		4,450	5,643	4,088

Condensed consolidated statement of changes in equity

For the 6 months ended 30 June 2024

	Share capital	Share premium	Share based payments reserve	Merger Reserve	Retained Earnings	Total Equity
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2023	2,688	8,385	51	1,012	(10,909)	1,227
Loss for the year	-	-	-	-	(1,341)	(1,341)
Other comprehensive income – issue of broker warrants	-	-	61	-	-	61
Total comprehensive expense for the year	-	-	61	-	(1,341)	(1,280)
Contributions by and distributions to owners						
Issue of shares net of transaction costs	79	4,062	-	-	-	4,141
Total contributions by and distributions to owners	79	4,062	-	-	-	4,141
Balance at 31 December 2023	2,767	12,447	112	1,012	(12,250)	4,088
Loss for the year	-	-	-	-	(590)	(590)
Issue of shares net of transaction costs	29	923	-	-	-	952
Balance at 30 June 2024	2,796	13,370	112	1,012	(12,840)	4,450

Condensed consolidated statement of cash flows

For the 6 months ended 30 June 2024

	Unaudited 6 months to 30 June 2024	Unaudited 6 months to 30 June 2023	Audited 12 months to December 2023
	£'000	£'000	£'000
Cashflows from operating activities			
(Loss) before taxation	(634)	(384)	(1,341)
Adjustments for:			
Depreciation and amortisation	81	63	137
Fair value adjustments for listed investments	37	73	61
Share based payments	-	(25)	61
R&D tax rebate received	44	-	-
Decrease/(Increase) in trade and other receivables	932	(544)	(823)
Increase in trade and other payables	355	2,059	898
Subsidiary working capital movement on acquisition	-	(1,849)	-
Net cash used in operating activities	815	(607)	(1,007)
Cashflows from investing activities			
Purchase of tangible fixed assets	(5)	-	(3)
Additions to intangible fixed assets	(6)	-	-
Purchase of investments in subsidiaries, net of cash acquired	-	-	(500)
Cash acquired on acquisition	-	-	331
Net cash flows from investing activity	(11)	-	(172)
Cash flows from financing activities			
Cash raised through issue of shares (net of transaction costs)	951	878	1,057
Net cash flow from financing activity	951	878	1,057
Net increase/(decrease) in cash and cash equivalents	1,755	271	(122)
Cash and cash equivalents at beginning of financial year	100	222	222
Cash and cash equivalents at the end of financial year	1,855	493	100

1. General information

Acuity RM Group plc (previously Drumz plc) is a company incorporated and domiciled in the United Kingdom. The Company is a public limited company, which is listed on AIM of the London Stock Exchange, incorporated and domiciled in England and Wales. The address of the registered office is 2nd Floor, 80 Cheapside, London EC2V 6EE. The condensed consolidated interim financial report was approved for issue by the Board of Directors on 16 September 2024.

The Company successfully completed the acquisition of Acuity Risk Management Limited (“Acuity RM”), in which it previously held a 25% investment, on 25 April 2023 and changed its name to Acuity RM Group plc.

The principal activity of the Group is the provision of risk management software, STREAM® and related services.

The financial information set out in this interim financial report does not constitute statutory accounts as defined in Sections 434(3) and 435(3) of the Companies Act 2006. The Company’s statutory financial statements for the year ended 31 December 2023 have been filed with the Registrar of Companies and are available at www.acuityrmgroup.com. The auditor’s report on those financial statements was unqualified and did not contain any statement under Section 498(2) or Section 498(3) of the Companies Act 2006.

2. Basis of preparation

The condensed consolidated interim financial report has been prepared in accordance with the requirements of the AIM Rules for Companies using accounting policies expected to be adopted for the year ending 31 December 2024.

As permitted, the Company has chosen not to adopt IAS 34 “Interim Financial Statements” in preparing this interim financial information. The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2023. The interim financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the United Kingdom. (“UK adopted IFRS”) and those parts of the Companies Act 2006 applicable to companies reporting in accordance with UK adopted IFRS.

The comparative figures for the financial year ended 31 December 2023 set out in these interim statements are not the Group’s statutory accounts for that financial year. Those accounts have been reported on by the Company’s auditors and delivered to the Registrar of Companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

Going concern

The Directors, having made appropriate enquiries, consider that adequate resources exist for the Company and Group to continue in operational existence for the foreseeable future and that, therefore, it is appropriate to adopt the going concern basis in preparing the condensed consolidated interim financial statements for the period ended 30 June 2024.

Risks and uncertainties

The Board continuously assesses and monitors the key risks of the business. The key risks that could affect the Group's medium-term performance and the factors that mitigate those risks have not substantially changed from those set out in the Company's 2023 Annual Report and Financial Statements, a copy of which is available on the Company's website: www.acuityrmgroup.com.

Critical accounting estimates

The preparation of condensed consolidated interim financial report requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the end of the reporting period. Significant items subject to such estimates are set out in the Company's 2023 Annual Report and Financial Statements. The nature and amounts of such estimates have not changed significantly during the interim period.

3. Accounting policies

Except as described below, the same accounting policies, presentation and methods of computation have been followed in these condensed consolidated interim financial statements as were applied in the preparation of the Group's annual financial statements for the year ended 31 December 2023.

3.1 Changes in accounting policy and disclosures

(a) Accounting developments during 2024

The International Accounting Standards Board (IASB) issued various amendments and revisions to International Financial Reporting Standards and IFRIC interpretations. The amendments and revisions were applicable for the period ended 30 June 2024 but did not result in any material changes to the financial statements of the Group or Company.

(b) New standards, amendments and interpretations in issue but not yet effective or not yet endorsed and

Standard	Impact on initial application	Effective date
IAS 1	Non-current liabilities with covenants	1 January 2024
IAS 1	Classification of Liabilities as Current or Non-Current.	1 January 2024
IFRS 16	Lease liability in a sale and leaseback	1 January 2024
IAS 7 and IFRS 7	Supplier finance arrangements	1 January 2024
IAS 21	Lack of exchangeability	1 January 2024

not early adopted

The Group is evaluating the impact of the new and amended standards above which are not expected to have a material impact on the Group's results or shareholders' funds.

4. Loss per ordinary share

The loss per ordinary share is based on the weighted average number of ordinary shares in issue during the period of 123,461,493 ordinary shares of 0.1p (2023: 70,042,357 ordinary shares of 0.1p). (2023 was adjusted for share reorganisation 24 April 2023).

	Unaudited 6 months to 30 June 2024	Unaudited 6 months to 30 June 2023	Audited year to 31 December 2023
Loss attributable to equity shareholders £'000	(590)	(384)	(1,341)
Loss per ordinary share	(0.48)p	(0.55)p	(1.39)p

There was a consolidation and subdivision of the ordinary shares of 0.1p on 24 April 2023 following that exercise the number of shares was reduced on the basis of 1 for 10. All share numbers and loss per share have been adjusted to reflect the change.

Diluted loss per share is taken as equal to basic loss per share as the Company's average share price during the period is lower than the exercise price and therefore the effect of including share options is anti-dilutive.

5. Revenue and segmental analysis

The following is an analysis of the Group's revenue for the period from continuing operations:

	Unaudited 6 months to 30 June 2024	Unaudited 6 months to 30 June 2023 ¹	Audited year to 31 Dec 2023 ¹
	£'000	£'000	£'000
Fees and Income from investee companies	-	20	15
Provision of software licences and services consisting of:	1,049	327	1,351
Revenue from subscriptions	900	299	1,114
Revenue from services	149	28	237

¹The comparatives include, Acuity Risk Management Ltd, from date of acquisition, 25 April 2023.

6. Intangible Assets

	Software development	Other Intangibles	Goodwill Acquired on acquisition	Total
	£'000	£'000	£'000	£'000
Cost or valuation				
B/f at 1 January 2024	670	264	5,154	6,088
Additions	6	-	-	6
Asset reclass ¹	-	(264)	-	(264)
C/f at 30 June 2024	676	-	5,154	5,830
Accumulated amortisation				
B/f at 1 January 2024	437	264	-	701
Charge for period	78	-	-	78
Asset re-class ¹	-	(264)	-	(264)
C/f at 30 June 2024	515	-	-	515
Net book value as 30 June 2024	161	-	5,154	5,315
Net book value as 30 June 2023	353	22	5,829	6,204
Net book value as 31 December 2023	233	-	5,154	5,387

¹ Asset re-class relates to intangible assets which were fully amortised at 31 December 2023, (net book value was zero), and are no longer in use. The cost and the accumulated depreciation have been netted down.

7. Share Capital

At the 30 June 2024 the Company's share capital was as follows:

Allotted, issued and fully paid	Number	Value £
Ordinary shares of 0.1p each	150,128,159	150,128
Deferred share of 0.1p each	2,645,945,765	2,645,946
Total		2,796,084

As at 31 December 2023 the number of ordinary shares was 121,556,731. On 17 June 2024 the Company issued 28,571,428 ordinary 0.1p shares at a price of 3.5p each raising an additional £1.0m gross of costs.

The value of the deferred shares shown in note 7 is nominal, they are effectively valueless following the approval by Ordinary and Deferred shareholders of resolutions to adopt new articles of association in November 2022.

8. Investment

The Company acquired its legacy investment in KCR Residential REIT plc ("KCR") at a price of £0.70 per share in 2018. KCR is an AIM listed real estate investment trust focused on the residential property market. The investment was classed as fair value through profit and loss in accordance with IFRS 9. The share price at 30 June 2024 was £0.09 per share and the closing value at 30 June 2024 was £207,205. (31 December 2023: £243,571 and 30 June 2023: £232,000). The investment was valued downwards at 30 June 2024 by £36,366 in accordance with IFRS 13.

As KCR is an AIM listed company, it is measured under level 1 of the fair value hierarchy in accordance with IFRS 13:

- Level 1: quoted prices in an active market for identical assets or liabilities. The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available and those prices represent actual and regularly occurring market transactions on an arm's-length basis. The quoted market price used for financial assets held by the Group is the closing price on the last day of the financial year of the Group. These instruments are included in level 1 and comprise FTSE and AIM-listed investments classified as held at fair value through profit or loss.

All assets held at fair value through profit or loss were designated as such upon initial recognition.