

(B) HISTORICAL FINANCIAL INFORMATION OF CYKEL



Kreston Reeves LLP
Second Floor, 168 Shoreditch High Street, London, E1 6RA
Tel: +44 (0)20 7382 1820
London@krestonreeves.com
www.krestonreeves.com

23 May 2024

Private and Confidential

The Directors
Cykel AI plc
16 Great Queen Street
London
WC2B 5DG

First Sentinel Corporate Finance Limited
72 Charlotte Street
London
W1T 4QQ

Dear Sirs

Cykel AI plc (the "Company")

Historical financial information of Cykel AI plc

Introduction

We report on the financial information set out in Section B of Part VI. This financial information has been prepared for inclusion in the prospectus, dated 23 May 2024, of the Company (the "Prospectus") on the basis of the accounting policies set out in note 2 to the financial information. This report is in support of the Prospectus and for no other purpose.

Responsibilities

As described in note 2.1 to the financial information, the directors of Cykel AI plc are responsible for preparing the financial information in accordance with UK-adopted International Financial Reporting Standards and UK-adopted International Accounting Standards 34 "Interim Financial Reporting" (IAS 34).

It is our responsibility to form an opinion on the financial information and to report our opinion to you. To the fullest extent permitted by the law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement consenting to its inclusion in the Prospectus.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. We are independent of Cykel AI plc in accordance with the Financial Reporting Council's Ethical Standard.

Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error. Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions outside the United Kingdom and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion, the financial information gives, for the purposes of the Prospectus, a true and fair view of the state of affairs of Cykel AI Plc as at 31 December 2023 and of its results, cash flows and changes in equity for the period ended 31 December 2023 in accordance with UK-adopted International Financial Reporting Standards.

Declaration

For the purposes of Prospectus Rule PRR 5.3.2R(2)(f) we are responsible for this report as part of the Prospectus and declare that, to the best of our knowledge, the information contained in this report is in accordance with the facts and that the report makes no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of annex 1 of the UK version of Commission Delegated Regulation (EU) 2019/980.

Yours faithfully

Kreston Reeves LLP

Kreston Reeves LLP

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE AUDITED PERIOD 22 AUGUST 2023 TO 31 DECEMBER 2023
COMPANY NO. 15088392**

		Audited
		Period ending 31 December 2023
	Note	£'000
<hr/>		
Continuing Operations		
Administrative expenses	4	(1,567)
<hr/>		
Operating loss		(1,567)
Loss before taxation		(1,567)
<hr/>		
Taxation on loss of ordinary activities	5	-
<hr/>		
Loss for the period from continuing operations		(1,567)
Other comprehensive income		-
<hr/>		
Total comprehensive loss for the period attributable to shareholders from continuing operations		(1,567)
<hr/>		
Basic & dilutive earnings per share - pence	9	(0.97)
<hr/>		

The notes form an integral part of the historical financial information.

**STATEMENT OF FINANCIAL POSITION AS AT
31 DECEMBER 2023
COMPANY NO. 15088392**

Audited

**As at 31 December
2023**

	Note	£'000
NON-CURRENT ASSETS		
Intangible assets	10	103
TOTAL NON-CURRENT ASSETS		103
CURRENT ASSETS		
Trade and other receivables	11	167
Cash and cash equivalents		1,387
TOTAL CURRENT ASSETS		1,554
TOTAL ASSETS		1,657
EQUITY		
Share capital	12	205
Share Premium	12	1,848
Share Based Payment Reserve	13	1,107
Retained Earnings		(1,567)
TOTAL EQUITY		1,593
CURRENT LIABILITIES		
Trade and other payables	14	64
TOTAL CURRENT LIABILITIES		64
TOTAL LIABILITIES		64
TOTAL EQUITY AND LIABILITIES		1,657

The notes form an integral part of the historical financial information.

The historical financial information was approved and authorised by the Board of Directors on 9 May 2024 and were signed on its behalf by:

Nicholas Lyth

Director

**STATEMENT OF CHANGES IN EQUITY
FOR THE AUDITED PERIOD 22 AUGUST 2023 TO 31 DECEMBER 2023
COMPANY NO. 15088392**

	Share Capital £'000	Share Premium £'000	Share based payment reserve £'000	Retained Earnings £'000	Total Equity £'000
Balance at 22 August 2023	-	-	-	-	-
Loss for period	-	-	-	(1,567)	(1,567)
Other comprehensive income	-	-	-	-	-
Total comprehensive income for period	-	-	-	(1,567)	(1,567)
Transactions with owners in own capacity					
Ordinary shares issued	205	2,113	-	-	2,318
Share issue costs	-	(265)	-	-	(265)
Share-based payments	-	-	1,107	-	1,107
Transactions with owners in own capacity	205	1,848	1,107	-	3,160
Balance at 31 December 2023	205	1,848	1,107	(1,567)	1,593

STATEMENT OF CASHFLOWS
FOR THE AUDITED PERIOD 22 AUGUST 2023 TO 31 DECEMBER 2023
COMPANY NO. 15088392

	Note	Audited Period from 22 August to 31 December 2023 £'000
Cash flow from operating activities		
Loss for the financial period		(1,567)
<i>Adjustments for:</i>		
Share based payments		1,107
Decrease / (increase) in trade and other receivables		(167)
(Decrease) / increase in trade and other payables		64
Net cash outflow from operating activities		(563)
Cash flows from investing activities		
Purchase of intangible assets		(103)
Net cash flow from investing activities		(103)
Cash flows from financing activities		
Proceeds from Issue of Shares		2,318
Share Issue Costs		(265)
Net cash flow from financing activities		2,053
Net (decrease) in cash and cash equivalents		1,387
Cash and cash equivalents at beginning of the period		-
Foreign exchange impact on cash		-
Cash and cash equivalents at end of the period		1,387

**NOTES TO THE HISTORICAL FINANCIAL INFORMATION
FOR THE AUDITED PERIOD 22 AUGUST 2023 TO 31 DECEMBER 2023
COMPANY NO. 15088392**

1 General information

Cykel AI Plc is a publicly listed company, limited by shares, and was incorporated on 22 August 2023 in England and remains domiciled there with Registered Number 15088392 under the Companies Act 2006.

The address of its registered office is 16, Great Queen Street, London, England, WC2B 5DG.

Cykel AI Plc does not have a principal place of business.

The principal activity of Cykel AI Plc during the period under review was the development of Artificial Intelligence software in relation to AI automation for the internet.

2 Accounting policies

IAS 8 requires that management shall use its judgement in developing and applying accounting policies that result in information which is relevant to the economic decision-making needs of users, that are reliable, free from bias, prudent, complete and represent faithfully the financial position, financial performance and cash flows of the entity.

2.1 Basis of preparation

The historical financial information have been prepared in accordance with UK-adopted International Financial Reporting Standards (IFRS) and UK-adopted International Accounting Standards 34 "Interim Financial Reporting" (IAS 34).

The historical financial information has been prepared on the historical cost basis, except for assets and liabilities measured at fair value through profit and loss, and are presented in pounds sterling (£). All amounts have been rounded to the nearest £'000 pound, unless otherwise stated.

The historical financial information has been audited. The historical financial information does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006.

The historical financial information is for the period from 22 August to 31 December 2023. The historical financial information does not include all the information and disclosures required in the annual financial statements. Cykel AI Plc has not disclosed comparative data, due to Cykel AI Plc having incorporated on 22 August 2023 and, therefore, no such comparatives exist.

The business is not considered to be seasonal in nature.

New standards, amendments and interpretations adopted by the Company

During the current period Cykel AI Plc adopted all the new and revised standards, amendments and interpretations that are relevant to its operations and are effective for accounting periods beginning on 1 December 2022. This adoption did not have a material effect on the accounting policies of Cykel AI Plc.

Standard	Impact on initial application	Periods commencing
IAS 1	Presentation of Financial Statements and Disclosure of Accounting Policies	1 January 2023
IAS 1	Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	1 January 2024
IAS 1	Accounting policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates	1 January 2023
IAS 8	Accounting estimates	1 January 2023
IAS 12	Deferred tax arising from a single transaction	1 January 2023
IAS 12	International Tax Reform – Pillar Two Model Rules	1 January 2023
IFRS 16	Lease liability in a Sale and Leaseback	1 January 2024
IFRS 17	Insurance contracts	1 January 2023

New standards, amendments and interpretations not yet adopted by the Company

The standards and interpretations that are relevant to Cykel AI Plc, issued, but not yet effective, up to the date of the historical financial information have been evaluated by the directors and they do not consider that there will be a material impact of transition on the financial statements.

This historical financial information of Cykel AI Plc has been prepared for the sole purpose of publication within this Prospectus. It has been prepared in accordance with the requirements of the Prospectus Rules and has been prepared in accordance with UK-adopted International Financial Reporting Standards (IFRS) and IFRS interpretations Committee (IFRS IC) interpretations (“IFRS”) and the policies stated elsewhere within the historical financial information. The historical financial information does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006.

2.2 Going concern

The directors have assessed Cykel AI Plc’s ability to adopt the going concern basis of accounting and consider the adoption to be appropriate in the preparation of the historical financial information. At period end Cykel AI Plc had cash and cash equivalents of £1,387,214 which, when taking into consideration the costs associated with the announced acquisition by Mustang Energy plc at current cash burn rate is more than sufficient to last for at least 12 months and supports the adoption of the going concern. Sensitivity analysis has been undertaken on the underlying commercial assumptions regarding the development of the operations of the business and the Board are comfortable that, even if a pessimistic outlook is taken, Cykel AI Plc will have sufficient cash for at least 12 months from the date of signing of these statements.

2.3 Principle risks and uncertainties

- **Competitor Risk**

There are many companies currently developing AI software. Many players that operate in the same

field as Cykel AI Plc are larger and more established, with access to substantial financial resources, larger operational capabilities, and longer track records in software development. These players may develop and deploy new technologies or features that could provide them with a competitive advantage. This could result in increased competition, pricing pressure, and potential erosion of Cykel AI Plc's market share. Cykel AI Plc may need to invest significant resources in developing and maintaining cutting-edge technologies, such as advanced trading algorithms or data analytics capabilities, to remain competitive. Failure to keep up with technological advancements or to differentiate itself in a saturated market could impact Cykel AI Plc's trading volumes, transaction fees, and overall revenues, potentially affecting its financial performance and market position. Competitors also have the opportunity to forge strategic partnerships and alliances with key stakeholders in the AI sector, including software developers, universities, and potential corporate clients potentially leading to enhanced competitive advantages. Cykel AI Plc may be at a disadvantage should it not form such partnerships.

- **Risk related to intellectual property and security breaches**

The ownership and protection of AI-related intellectual property, including algorithms and models, can be complex. Although its software is not patent-protected, Cykel AI Plc protects the intellectual property rights in its software by relying on legislative and other legal protections, as well as contractual restrictions such as non-disclosure and confidentiality provisions. Cykel AI will continually evaluate the requirements for trademark, copyright and patent protection with respect to its intellectual property assets against the related costs and reasonable necessity of obtaining them. As a company that will be heavily reliant on its software to generate revenue, there is the risk that if the algorithm and model are leaked or accessed by unauthorised parties, it could lead to intellectual property theft, the compromise of proprietary information, and loss of competitive advantage should Cykel AI Plc have such. Leaked algorithms and models could also enable malicious actors to identify vulnerabilities and exploit them, potentially leading to further security breaches or attacks. The consequences of these leaks could be severe, including financial losses, reputational damage, loss of trust among customers and partners, and potential legal actions.

- **Risks relating to data quality and data privacy**

Data is the cornerstone upon which AI models are built and trained. The accuracy, completeness, and relevance of the training data are critical to the performance of AI models. Poor data quality, such as missing, inaccurate, or noisy (or meaningless) data, can lead to unreliable predictions and unexpected model behaviour. If an AI system learns from incomplete or incorrect data, it might make incorrect decisions in real-world scenarios. Furthermore, AI requires access to large amounts of data, which can include sensitive personal information, If not properly secured, this data can be vulnerable to breaches, leading to privacy violations and potential legal consequences which could translate into reputational damage and affect the financial position of Cykel AI Plc.

- **Regulatory and legal risks**

The rapid advancement of AI has outpaced the development of comprehensive regulations and legal regulations to govern their use. Companies might face legal challenges or uncertain regulatory environments when developing and/or deploying AI systems. This translates into a lack of clear guidelines for companies in the AI field. Furthermore, there have been increasing ethical and social concerns around AI, specifically in relation to discrimination and inequality, as AI systems can sometimes make biased or discriminatory decisions, reflecting the biases present in the data they were trained on. This can lead to unfair treatment of certain groups or perpetuate societal inequalities. These issues could be addressed by policymakers in the short or medium term which in turn could potentially translate into costs and affect the financial position of Cykel AI Plc.

- **Risks relating to software development**

Some of Cykel AI Plc's activities, including software development, may require third parties to provide contracting services. There can be no assurance that these new business relationships will

be successfully formed or will continue to be maintained. A breach or disruption in these relationships or failure to engage contractors could be detrimental to the future business, operating results and/or profitability of Cykel AI Plc. Software development is complex; the developed software may contain design defects or errors that are not detected until after its release. Cykel AI Plc's business would be harmed if such defects caused its users to believe Cykel AI Plc's product is defective and could adversely affect the market's perception of Cykel AI Plc and potentially lead to a reduction in users.

- **Growth Risk**

There can be no guarantee that Cykel AI Plc will be able to effectively manage the growth of its operations or that Cykel AI Plc's current personnel, systems, procedures and controls will be adequate to support Cykel AI Plc's operations. Any failure of the Board to effectively manage Cykel AI Plc's growth and development may have material adverse effects on Cykel AI Plc's business, financial condition, results and/or future operations. There is no certainty that all, or indeed any, of the elements of Cykel AI Plc's current strategy will develop as anticipated and that Cykel AI Plc will be profitable.

- **Dilution of Shareholders' interests as a result of additional equity fundraising**

Whilst it is the opinion of the Directors that Cykel AI Plc's working capital is sufficient for its present requirements, further funding may be required by Cykel AI Plc to develop its business model and commercial activities. If additional funds are raised through the issue of new equity or equity-linked securities of Cykel AI Plc other than on a pro rata basis to existing Shareholders, the percentage ownership of the existing Shareholders may be reduced. Shareholders may experience subsequent dilution and/or such securities may have preferred rights, options and pre-emption rights senior to Ordinary Shares. Cykel AI Plc may issue Ordinary Shares as consideration for acquisitions or investments, which would result in a dilution of Shareholders' respective shareholdings. Equity issues may result in a change of control of Cykel AI Plc.

- **Dependence on Directors**

Cykel AI Plc's success may heavily depend on the skills, experience, and availability of its Directors and senior manager (the latter working on a consultancy basis), and the loss of key Directors and senior managers could disrupt operations and the strategic direction. Cykel AI Plc's performance, reputation, and ability to attract investment may be closely tied to the reputation and track record of its Directors. Changes in the regulatory or legal environment, industry or market conditions may require Cykel AI Plc to adapt its operations and depend on its Directors to effectively navigate such changes.

- **Risk Related to International Compliance**

Cykel AI Plc's growth could involve increasing trading activity in a wide range of territories. This may play a fundamental part in Cykel AI Plc's strategy and business plan. Some jurisdictions might pose a higher regulatory burden, including regulatory permissions for Cykel AI Plc to operate and more stringent data protections regulations. If Cykel AI Plc is unable to trade (for any of these reasons) in these territories, then this could detrimentally impact Cykel AI Plc's performance in the future by reducing the profit available due to lower revenue and/or increased costs.

- **Currency Risk**

Ongoing management and operational costs will be denominated in British pounds sterling. However, Cykel AI Plc's growth prospects include increasing trading activity in a wide range of territories. Cykel AI Plc may therefore be exposed to ongoing currency risk. Consequently, changes in the exchange rates of these currencies may negatively affect Cykel AI Plc's cash flows, operating results or financial condition to a material extent. Cykel AI Plc does not intend to hedge its cash resources against risks associated with disadvantageous movements in the currency exchange rates

for the time being. Therefore, currency exchange rate fluctuations may negatively affect Cykel AI Plc.

- **Growth company risks**

The share price of early-stage companies can be highly volatile and shareholdings illiquid. Once listed on the Aquis Stock Exchange, such volatility in the price of Ordinary Shares and the illiquidity could cause investors to lose all or part of their investment because they may not be able to sell their Ordinary Shares at or above the price they paid. The price at which the Ordinary Shares are traded and the price which investors may realise, or their Ordinary Shares will be influenced by several factors, some specific to Cykel AI Plc and its operations and some which may affect quoted companies generally. These factors could include the performance of Cykel AI Plc and/or large purchases or sales of the Ordinary Shares, legislative changes and general economic, political, or regulatory conditions. Notwithstanding the fact that application has been made for the Ordinary Shares to be admitted to trading on the AQSE Growth Market, this should not be taken as implying that there will be a "liquid" market in the Ordinary Shares. Continued admission to the AQSE Growth Market is entirely at the discretion of the Aquis Stock Exchange.

2.4 Taxation

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

2.5 Intangible Assets

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the company are recognised as intangible assets where the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available;
- The expenditure attributable to the software product during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised, once brought into use, over their estimated useful lives, which do not exceed three years.

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

2.6 Equity

Ordinary shares are classified as equity. Preference shares are classified as liabilities.

Share capital is determined using the nominal value of shares that have been issued.

The Share premium account includes any premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from the Share premium account, net of any related income tax benefits.

Equity-settled share-based payments are credited to a share-based payment reserve as a component of equity until related options or warrants are exercised or lapse.

Unrealised changes in the fair value of investments are credited to the value of the investments with the balance transferred to a separate fair value reserve under equity.

Retained losses includes all current and prior period results as disclosed in the income statement.

2.7 Trade and other receivables

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.8 Trade and other payables

Short-term creditors are measured at the transaction price. Other liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.9 Share based payments

Cykel AI Plc has made awards of warrants on its issued share capital to certain parties in return for services provided. The valuation of these warrants involved making a number of critical estimates relating to price volatility, future dividend yields, expected life of the warrants and interest rates. These assumptions have been integrated into the Black Scholes Option Pricing model in this instance to derive a value for any share-based payments.

3 Critical accounting estimates and judgements

In the application of Cykel AI Plc's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed below:

Share Based Payments

The company issues cash-settled share-based compensation benefits.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying the Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability. Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

Please refer to note 13 for the details on the assumptions made in calculating the charge made in the reporting period.

Amortisation of intangible assets

The company is developing AI software and incurring costs which it is recording as an intangible asset.

Amortisation of this asset will commence once the software is commercially available for use.

As the AI software is still currently in its development phase, no amortisation has been applied in the period.

4 Operating loss

Operating loss for Cykel AI Plc is stated after charging:

	Period 22 August to 31 December 2023
	£'000
Directors fees*	60
Salary and wages**	7
Professional fees	351
Share based payments	1,107
Other administrative expenses	42
Provision for doubtful debts	-
Total	1,567

* *Director's fees paid through related parties. See note 16 for reference*

** *Salary and wages relates to directors fees to Jonathan Hives and Nicholas Lyth that are processed through payroll.*

5 Taxation

**Period 22 August to
31 December 2023**

	£'000
A reconciliation of the tax charge appearing in the income statement to the tax that would result from applying the standard rate of tax to the results for the period is:	
Loss per accounts	(1,567)

Tax credit /(charge) at the marginal relief rate of corporation tax in the UK of 19%	(298)
Adjustment for items disallowable for tax	-
Tax losses for which no deferred tax is recognised	298
Tax expense recognised in accounts	-
Total	-

Cykel AI Plc has total carried forward losses of £1,567,265. The taxed value of the unrecognised deferred tax asset is £297,780. No deferred tax assets in respect of tax losses have been recognised in the accounts because there is currently insufficient evidence of the timing of suitable future taxable profits against which they can be recovered.

On 15 March 2023 it was announced that from 1 April 2023 the UK corporation tax rate would increase from 19% to 25% for profits over £250,000. Profits made under the £250,000 threshold will continue to be taxed at a rate of 19%.

6 Auditor remuneration

**Period 22 August to
31 December 2023**

	£'000
Fees payable to Cykel AI Plc's auditor for the audit of Cykel AI Plc's financial statements	20
Total	20

7 Directors' remuneration

**Period 22 August to
31 December 2023**

	£'000
Wages and salaries	7
Directors' fees	60
Share based payments	808
Total	875

The highest paid director was remunerated as follows:

**Period 22 August to
31 December 2023**

	£'000
Directors' fees	40
Share based payments	539
Total	579

8 Employees

The only employees of Cykel AI Plc during the period ending 31 December 2023 were directors.

**No employees 31 December
2023**

Management	4
------------	---

9 Earnings per share

The calculation of the basic and diluted earnings per share is calculated by dividing the profit or loss for the period by the weighted average number of ordinary shares in issue during the period.

	As at 31 December 2023
Loss for the period from continuing operations – £'000	(1,567)
Weighted number of ordinary shares in issue (number)	162,278,523
Basic earnings per share from continuing operations – pence	(0.97)

There is no difference between the diluted loss per share and the basic loss per share presented due to the loss position of Cykel AI Plc. Share options and warrants could potentially dilute basic earnings per share in the future, but were not included in the calculation of diluted earnings per share as they are anti-dilutive for the year presented. See note 13 for further details.

10 Intangible Assets

	Intangible assets £'000	Total £'000
Opening Balance – 22 August 2023	-	-
Additions	103	103
Closing Balance – 31 December 2023	103	103

11 Trade and other receivables

	As at 31 December 2023 £'000
Prepayments	75
VAT	89
Sundry debtors	3
Total	167

12 Share capital and share premium

	Ordinary Shares #	Share Capital £	Share Premium £	Total £
At 22 August 2023	1,000	10	-	10
Movement	205,182,350	205,123	1,847,841	2,053,024
At 31 December 2023	205,183,350	205,183	1,847,841	2,053,024

On incorporation 1,000 ordinary shares of £0.01 were issued at par but unpaid to Mr Nicholas Lyth.

On 23rd August 2023, the 1,000 ordinary shares at £0.01 were sub-divided into 10,000 ordinary shares at £0.001.

There were 99,990,000 ordinary shares of £0.001 issued at par value in the period from 22 August to 31 December 2023.

An additional 105,183,350 ordinary shares of £0.001 were issued at between £0.01 and £0.03 in the period from 22 August to 31 December 2023.

13 Share based payment reserve

	£'000
Balance as at 22 August 2023	-
Warrants issued in the period ¹	1,107
Warrants lapsed/expired during the period	-
Total	1,107

¹ On 18 September 2023 Cykel AI Plc granted 48,000,000 warrants to staff and contractors. The warrants vested on grant, have an expiry date of 3 years from 25 October 2023, the date of the Initial Public Offering, and an exercise price of 1 pence. 39,000,000 of these warrants were issued to staff and include exercise conditions such that these can only be exercised 12 months after the IPO date. The remaining agreements have no exercise conditions.

On 25 October 2023 Cykel AI Plc granted 11,385,170 warrants to contractors. These warrants vested on grant, have an expiry date of 5 years from the date of agreement and an exercise price of 0.03 pence. These warrants have no vesting or exercise conditions.

The estimated fair values of options which fall under IFRS 2, and the inputs used in the Black-Scholes pricing model to calculate those fair values are as follows:

Date of grant	Number of warrants	Share price	Exercise price	Expected volatility	Expected life	Risk free rate	Expected dividends
18 September 2023	48,000,000	£0.03	£0.01	46.59%	1.5	4.54%	0.00%
25 October 2023	11,385,170	£0.03	£0.03	46.59%	2.5	4.54%	0.00%

The following warrants over ordinary shares have been granted by Cykel AI Plc and are outstanding at 31 December 2023:

Grant date	Expiry period	Exercise Price	Outstanding at 31 December 2023	Exercisable at 31 December 2023
18 Sep 2023	24 Oct 2026	£0.01	48,000,000	-
25 Oct 2023	24 Oct 2028	£0.03	11,385,170	11,385,170
			59,385,170	11,385,170

As at 31 December 2023

	Weighted average exercise price	Number of options
Outstanding at the beginning of the period	-	-
Lapsed during the period (warrants)	-	-
Vested during the period	0.03p	11,385,170
Issued during the period	0.014p	59,385,170
Outstanding at the end of the period	0.014p	59,385,170

Exercisable at the end of the period	0.03p	11,385,170
--------------------------------------	-------	------------

14 Trade and other payables

	As at 31 December 2023 £'000
Accruals	33
Trade creditors	30
Other payables	1
Total	64

15 Financial commitments & contingent liabilities

There were no capital commitments or contingent liabilities pertaining to Cykel AI Plc at 31 December 2023.

16 Related party transactions

The company made payments to the following companies in relation to directors' fees:

	Period 22 August to 31 December 2023 £'000
Toro Consulting Ltd ¹ – Mr Jonathan Bixby	40
Dark Peak Services Ltd ² – Mr Nicholas Lyth	15
Hunter Equity Management BV ³ – Mr Robert Mayfield	5
Total	60

These related party transactions are at an arm's length basis.

On incorporation 1,000 ordinary shares of £0.01 worth £10 were issued but unpaid to Mr Nicholas Lyth.

Entities jointly controlled or significantly influenced by the entity:

¹Toro Consulting Ltd

On 25th August 2023 Cykel AI Plc entered into a consultancy agreement with Toro Consulting Ltd, a company owned and controlled by Jonathan Bixby pursuant to which Toro agreed to provide the services of Jonathan Bixby so that Mr Bixby can lead the development and execution of Cykel AI Plc's long term strategy with a view to creating shareholder value and be responsible for day to day management decisions and for implementing Cykel AI Plc's long and short term plans. Cykel AI Plc paid an amount of £40,000 to Toro Consulting Ltd during the period. No amounts were outstanding at the end of the period.

²Dark Peak Services Ltd

On 25th October 2023 Cykel AI Plc entered into a consultancy agreement with Dark Peak Services Limited, (Dark Peak), a company owned and controlled by Nicholas Lyth pursuant to which Dark Peak agreed to provide the services of Nicholas Lyth to Cykel AI Plc as the finance director of Cykel AI Plc to provide financial management services including supervising accounting staff, overseeing internal controls, setting financial targets, implementing fund-raising strategies, engaging with investors, developing a financial strategy, conducting feasibility studies, monitoring expenditure, overseeing annual insurance, monitoring cash flow, evaluating investments, and managing tax compliance. In the period Cykel AI Plc paid £20,000 to Dark Peak Services Limited. No amounts were outstanding at the end of the period.

³Hunter Equity Management BV

On 25th October 2023 Cykel AI Plc entered into a consultancy agreement with Hunter Equity Management BV, a company owned and controlled by director Robert Mayfield. Under the terms of this

agreement Robert Mayfield agreed to provide services as a non-executive director to Cykel AI Plc. In the period Cykel AI Plc paid £4,900 to Hunter Equity Management BV. No amounts were outstanding at the end of the period.

17 Events subsequent to period end

On 18 January 2024 Cykel AI Plc announced that its shares were suspended on the Aquis Stock Exchange.

On 19 January 2024 Cykel AI Plc announced that it was in discussions and had entered into non-binding heads of terms with Mustang Energy plc, a London Stock Exchange listed company, to acquire the entire share capital of Cykel AI Plc.

18 Ultimate controlling party

As at 31 December 2023, there was no ultimate controlling party of Cykel AI Plc.