Company Registration No. 08706503 (England and Wales)

ALL.SPACE NETWORKS LIMITED

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

ALL.SPACE NETWORKS LIMITED

COMPANY INFORMATION

Directors	C P Emerson J Finney J E James P C K McCall P McCarter J McConville
Secretary	N A D Fox
Company number	08706503
Registered address	Unit 1, Now Building Thames Valley Park Drive Reading RG6 1RB
Auditor	KPMG LLP Chartered Accountants 3 Assembly Square Cardiff Bay CF10 4AX

ALL.SPACE NETWORKS LIMITED

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024

The directors present the Strategic Report for the year ended 31 December 2024.

Fair review of the business
ALL.SPACE Networks Limited continued to achieve significant operational and financial milestones during the year.

The business began delivering the first-generation terminal ("Hydra 2") to customers during the year. The business also delivered a hybrid terminal ("Hydra 4") combining the Hydra 2 with an integrated Ku and L band capability as requested by a specific customer.

Continued investment in research and development has meant our Hydra 2 terminal obtained type approval across a number of network operators, entered into low-rate initial production and by the end of the year the group had sold a number of terminals to multiple customers operating across different segments and markets. The group continues to make significant investments in its next generation of products and its operational capabilities to ensure it can satisfy future demand for its products.

The business continued to attract talent in critical areas including the appointment of Paul McCarter as Chief Executive Officer. Before joining ALL.SPACE, Paul first had a career in the military followed by CEO and Managing Director roles in Racal, Thales, Cobham and Serco where he led global businesses driving transformative business growth in the technology, manufacturing, and consulting sectors.

During the year, the group successfully raised $10.0m of additional financing in the form of convertible notes and since the year end, the group has successfully raised a further $6.0m of financing in the form of convertible notes and a simple agreement for future equity (SAFE) of which $5.5m has been received at the date of signing these accounts.

With effect from 1 January 2023 the group has decided to:

- Prepare its financial statements in accordance with International Financial Reporting Standards ('IFRS') as adopted by the UK and the requirements of the Companies Act 2006. The financial statements of the group were previously prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland;
- Change its presentational currency from sterling to US dollars.

The Board believes that these changes will provide investors and other stakeholders with greater transparency of the group's performance and reduced foreign exchange volatility given that all of the group's financing, the majority of its revenue and a significant proportion of its costs originate in US dollars.

Principal risks and uncertainties
Whilst we see material demand for our product the group is currently in the low-rate initial production phase of its first-generation product whilst at the same time the business continues to make significant investments in its next generation of products and its operational capabilities.

The proliferation of Low Earth Orbit ('LEO') capacity and the global security and economic challenges give us confidence that the demand for our product is strong and growing. We have an extensive and growing qualified pipeline and the directors are confident future revenues will increase significantly.

As with most deep-tech start-ups we remain a capital-intensive business and we will require additional funding to see us through to free positive cashflow. The directors are confident that the required funding will be made available as required.

On behalf of the board

N A D Fox
Secretary

9 April 2025

ALL.SPACE NETWORKS LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024

The directors present their report and consolidated financial statements for the year ended 31 December 2024.

Principal activities
The principal activity of the company and group is the development of an electronically steered antenna with multi-orbit capability together with significant software value added services. The modular design of the antenna will allow us to address the full ecosystem of satellite communications.

Results and dividends
The results for the year are set out on page 9.

No ordinary or preference dividends were paid in the current or prior year.

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

C P Emerson	
J Finney	
J E James	(appointed 30 July 2024)
P C K McCall	
P McCarter	(appointed 22 August 2024)
J McConville	(appointed 22 October 2024)
M Lohnert	(resigned 22 October 2024)

Qualifying third party indemnity provisions
The company has made qualifying third-party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Financial risk management objectives and policies
The group's main financial instruments comprise cash and various trading items such as trade debtors and creditors alongside borrowings and equity instruments, the main purpose of which is to provide finance to fund the group's operations.

There are limited risks arising to the group as a result of these instruments and the directors agree policies for the management of these risks, which are summarised below:

Liquidity risk
The group seeks to minimise financial risk by ensuring that appropriate liquidity is available to meet foreseeable requirements. The group's policy is that no trading in financial instruments shall be undertaken until the group meets the objective of funding its own operations.

Foreign currency risk
The group has a policy to minimize its foreign exchange rate risk through the regular monitoring of foreign currency cash flows.

Credit risk
The group seeks to minimise any credit risk by dealing only with established or financially sound clients. It also establishes clear contractual relationships and identifies any credit issues in a timely manner.

Cash flow risk
To date the group has been loss making as it invests in its research and development activities. The cash position is regularly monitored and the company raised further financing in the year from the issue of convertible notes.

Research and development

Over the last five years, the group has focused heavily on research and development and the group has developed a high-powered computational modelling capability to enable creation of a new kind of microwave refractive beamformer that allows exceptionally tight control over the propagation of radio waves beyond that possible previously. These capabilities leverage new developments in computational modelling, material science, and microwave electronics resulting in a capability that allows the group to produce a specification that satisfies the design constraints for any specific application for satellite communications.

The group's team of industry experts and scientists have achieved innovative antenna design, providing a low-cost solution that can be deployed anywhere in the world quickly, without specialist equipment or training, and in any operational environment. The group's unique satellite communications design incorporates the foundations of a cutting-edge scientific field known as transformation optics, to significantly improve all aspects of bandwidth performance and reduce manufacturing costs, compared to a traditional phased-array and all other variants of flat-panel satellite antennas currently available on the market. The group's antenna system is designed to be used in many transportation systems such as aeronautical, bus and coach, commercial maritime, ferry, rail and defense vehicles.

Post reporting date events

Since the year end, the group has successfully raised a further $6.0m of financing in the form of convertible notes and a simple agreement for future equity (SAFE) of which $5.5m has been received at the date of signing these accounts.

Future developments

The principal activity of the company and group continues to be to develop and sell software enabled antennas and related applications for the satellite industry.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

ALL.SPACE NETWORKS LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

Going Concern
Notwithstanding consolidated net current liabilities of $6.6m at the reporting date, a consolidated loss for the year of $34.7m and consolidated operating cash outflows for the year of $16.4m, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The group is in the initial low-rate production phase for its first product and continues to make significant investments in its next generation of products and its operational capabilities.

As part of their going concern assessment, the directors have prepared budgets and cash flow forecasts for a period of 12 months ("the going concern assessment period") from the date of these financial statements. These forecasts indicate that additional funding will be required to ensure the group can continue to grow and develop in line with its business plans and meet its liabilities as they fall due during the going concern assessment period.

The group has a history of successfully obtaining funding necessary to support its plans and since the year end the group has successfully raised additional financing of $6.0m in the form of convertible notes and a simple agreement for future equity (SAFE) of which $5.5m has been received at the date of signing these accounts.

Based on the above indications, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. However, these circumstances indicate the existence of material uncertainty may cast significant doubt on the group's and the Company's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

On behalf of the board

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N A D Fox
Secretary
Registered office:
Unit 1, Now Building
Thames Valley Park Drive
Reading
RG6 1RB

9 April 2025

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

The directors are responsible for preparing the Strategic Report, the Directors' Report and the group and the company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and company financial statements for each financial year. The directors have elected under company law to prepare the group financial statements in accordance with UK-adopted International Accounting Standards (IAS) in conformity with the requirements of the Companies Act 2006 and applicable law and have elected to prepare the parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101: Reduced Disclosure Framework.

The financial statements are required by company law and international accounting standards in conformity with the requirements of the Companies Act 2006 to present fairly the financial position and the financial performance of the group and company. The Companies Act 2006 provides, in relation to such financial statements, that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of their profit or loss for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- for the group financial statements, state whether they have been prepared in accordance with UK-adopted International Accounting Standards;
- for the parent company financial statements, state whether applicable UK Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent company's ability to continue as a going concern disclosing, as applicable, matters related to going concern; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error, and general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALL.SPACE NETWORKS LIMITED

Opinion

We have audited the financial statements of ALL.SPACE Networks Limited ("the Company") for the year ended 31 December 2024 which comprise the Consolidated and Parent Company Statement of Financial Position, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and related notes, including the accounting policies in note 1.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2024 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 1 to the financial statements which indicates that the group's and parent company's ability to continue as a going concern is dependent on the successful completion of a future funding round. These events and conditions, along with the other matters explained in note 1 constitute a material uncertainty that may cast significant doubt on the group's and the parent company's ability to continue as a going concern.
Our opinion is not modified in respect of this matter.

Going concern basis of preparation

The directors have prepared the financial statements on the going concern basis. As stated above, they have concluded that a material uncertainty related to going concern exists.
Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as provision for loss of contract. On this audit we do not believe there is a fraud risk related to revenue recognition because there are few revenue transactions given the entity is in the early phase of its lifecycle.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted with unusual combination with cash accounts.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and others management (as required by auditing standards), and from inspection of the Group's legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, anti-bribery, employment law, regulatory capital and liquidity, and certain aspects of company legislation recognising the nature of the Group's activities.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, *intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect* material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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

Jeremy Thomas

Jeremy Thomas (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
3 Assembly Square
Cardiff Bay
CF10 4AX

10 April 2025

ALL.SPACE NETWORKS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 $'000	2023 $'000
Revenue	3	**16,739**	11,532
Cost of sales	4	**(9,985)**	-
Gross profit		**6,754**	11,532
Administrative expenses	4	**(42,578)**	(47,697)
Other operating income	5	**605**	487
Operating loss		**(35,219)**	(35,678)
Finance income	10	**19**	14
Finance costs	11	**(2,265)**	(1,892)
Fair value gain on financial liability	12	**-**	93,230
(Loss)/profit before taxation		**(37,465)**	55,674
Tax on (loss)/profit	13	**2,750**	6,129
(Loss)/profit for the financial year		**(34,715)**	61,803
Total comprehensive (loss)/profit for the year		**(34,715)**	61,803

The loss for the financial year is all attributable to the owners of the parent company.

The total comprehensive loss for the year is all attributable to the owners of the parent company.

The accompanying notes on pages 15 - 49 form an integral part of these financial statements.

ALL.SPACE NETWORKS LIMITED

Company Registration No. 08706503

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

ASSETS	Notes	2024 $'000	2023 $'000	2022 $'000
Non-current assets				
Intangible assets	14	26,980	23,007	8,028
Property, plant and equipment	15	6,193	8,486	6,230
Total non-current assets		**33,173**	**31,493**	**14,258**
Current assets				
Inventories	18	7,890	2,434	1,155
Contract assets	19	-	1,485	1,231
Corporate tax recoverable		3,136	6,762	7,816
Trade and other receivables	20	4,209	13,090	3,588
Prepayments		2,336	2,129	1,200
Cash and cash equivalents	21	2,614	15,845	26,786
Total current assets		**20,185**	**41,745**	**41,776**
Total assets		**53,358**	**73,238**	**56,034**
LIABILITIES				
Non-current liabilities				
Contract liabilities	19	-	-	2,517
Lease liabilities	23	2,331	3,136	2,716
Borrowings	24	16,797	7,413	9,229
Total non-current liabilities		**19,128**	**10,549**	**14,462**
Current liabilities				
Trade and other payables	22	16,221	11,102	6,690
Contract liabilities	19	8,703	1,068	135
Borrowings	24	1,092	2,222	627
Other financial liabilities		-	-	148,965
Lease liabilities	23	751	644	575
Total current liabilities		**26,767**	**15,036**	**156,992**
Total liabilities		**45,895**	**25,585**	**171,454**
Net assets/(liabilities)		**7,463**	**47,653**	**(115,420)**
Capital and reserves				
Share capital	28	-	-	-
Share premium	29	273	101,174	219
Capital redemption reserve	29	-	-	-
Equity component of debt	29	681	-	-
Accumulated profits/(losses)	29	6,509	(53,521)	(115,639)
Total equity attributable to the owners of the parent company		**7,463**	**47,653**	**(115,420)**

The financial statements were approved by the board of directors and authorised for issue on 9 April 2025 and are signed on its behalf by:

....

P McCarter

Director

The accompanying notes on pages 15 - 49 form an integral part of these financial statements

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Notes	2024 $'000	2023 $'000
ASSETS			
Non-current assets			
Intangible assets	14	26,980	23,007
Property, plant and equipment	15	5,997	8,155
Investments	16	329	241
Total non-current assets		**33,306**	**31,403**
Current assets			
Inventories	18	7,890	2,434
Contract assets	19	-	1,111
Corporate tax recoverable		3,136	6,762
Trade and other receivables	20	14,979	28,044
Prepayments		2,255	2,024
Cash and cash equivalents	21	2,386	14,128
Total current assets		**30,646**	**54,503**
Total assets		**63,952**	**85,906**
LIABILITIES			
Non-current liabilities			
Lease liabilities	23	2,331	3,136
Borrowings	24	16,797	7,413
Total non-current liabilities		**19,128**	**10,549**
Current liabilities			
Trade and other payables	22	12,888	9,757
Contract liabilities	19	1,339	1,068
Borrowings	24	1,092	2,222
Lease liabilities	23	751	644
Total current liabilities		**16,070**	**13,691**
Total liabilities		**35,198**	**24,240**
Net assets		**28,754**	**61,666**
Capital and reserves			
Share capital	28	-	-
Share premium	29	273	101,174
Capital redemption reserve	29	-	-
Equity component of debt	29	681	-
Accumulated profits/(losses)	29	27,800	(39,508)
Total equity attributable to the owners of the Company		**28,754**	**61,666**

As permitted by s408 Companies Act 2006, the company has not presented its own statement of comprehensive income and related notes as it prepares group accounts. The company's loss for the year was $27,437,000 (2023: $68,782,000 profit).

The financial statements were approved by the board of directors and authorised for issue on 9 April 2025 and are signed on its behalf by:

....

P McCarter

Director

The accompanying notes on pages 15 - 49 form an integral part of these financial statements.

ALL.SPACE NETWORKS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	Share capital	Share premium	Capital redemption reserve	Equity component of debt	Accumulated profits/ (losses)	Total equity
Year ended 31 December 2023:		**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Balance at 1 January 2023		-	219	-	-	(115,639)	(115,420)
Profit for the year		-	-	-	-	61,803	61,803
Total comprehensive income for the year		-	-	-	-	61,803	61,803
Transactions with owners of the company:							
Contributions and distributions							
Issue of share capital	28	-	100,955	-	-	-	100,955
Share based payment transactions	8	-	-	-	-	315	315
		-	100,955	-	-	315	101,270
Balance at 31 December 2023		**-**	**101,174**	**-**	**-**	**(53,521)**	**47,653**
Year ended 31 December 2024:							
Loss for the year		-	-	-	-	(34,715)	(34,715)
Total comprehensive loss for the year		-	-	-		(34,715)	(34,715)
Transactions with owners of the company:							
Contributions and distributions							
Share based payment transactions	8	-	-	-	-	1,618	1,618
Reduction in share premium	29	-	(100,901)	-	-	100,901	-
Purchase of own shares	28	-	-	-	-	(7,774)	(7,774)
Issue of convertible notes		-	-	-	681	-	681
		-	(100,901)	-	681	94,745	(5,475)
Balance at 31 December 2024		**-**	**273**	**-**	**681**	**6,509**	**7,463**

The accompanying notes on pages 15 - 49 form an integral part of these financial statements.

ALL.SPACE NETWORKS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	Share capital	Share premium	Capital redemption reserve	Equity component of debt	Accumulated profits/ (losses)	Total equity
Year ended 31 December 2023:		$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2023		-	219	-	-	(108,605)	(108,386)
Profit for the year		-	-	-	-	68,782	68,782
Total comprehensive income for the year		-	-	-	-	68,782	68,782
Transactions with owners in their capacity as owners:							
Contributions and distributions							
Issue of share capital	28	-	100,955	-	-	-	100,955
Share based payment transactions	8	-	-	-	-	315	315
		-	100,955	-	-	315	101,270
Balance at 31 December 2023		**-**	**101,174**	**-**	**-**	**(39,508)**	**61,666**
Year ended 31 December 2024:							
Loss for the year		-	-	-	-	(27,437)	(27,437)
Total comprehensive loss for the year		-	-	-		(27,437)	(27,437)
Transactions with owners in their capacity as owners:							
Contributions and distributions							
Share based payment transactions	8	-	-	-	-	1,618	1,618
Reduction in share premium	29	-	(100,901)	-	-	100,901	-
Purchase of own shares	28	-	-	-	-	(7,774)	(7,774)
Issue of convertible notes		-	-	-	681	-	681
		-	(100,901)	-	681	94,745	(5,475)
Balance at 31 December 2024		**-**	**273**	**-**	**681**	**27,800**	**28,754**

The accompanying notes on pages 15 - 49 form an integral part of these financial statements.

ALL.SPACE NETWORKS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 $'000	2023 $'000
Cash flows from operating activities:			
(Loss)/profit for the financial year		(34,715)	61,803
Adjustments for:			
Depreciation of property, plant and equipment	15	2,303	2,077
Amortisation of intangible assets	14	1,028	1
Equity settled share-based payment expense	8	1,618	315
Finance income	10	(19)	(14)
Finance costs	11	2,265	1,892
(Gain)/loss on disposal of property, plant and equipment		(137)	13
Fair value gain on financial liability		-	(93,230)
Income tax		(2,750)	(6,129)
Operating cash flows before movements in operating assets and liabilities		(30,407)	(33,272)
Increase in inventories		(5,610)	(1,192)
Decrease/(increase) in contract assets		1,488	(224)
Decrease/(increase) in trade and other receivables		109	(8,467)
Increase in prepayments		(247)	(851)
(Decrease)/increase in trade and other payables		5,395	12,536
Increase/(decrease) in contract liabilities		7,618	(1,686)
Cash used in operations		(21,654)	(33,156)
Interest paid		(1,498)	(1,622)
Income tax received		6,719	7,561
Net cash outflow from operating activities		(16,433)	(27,217)
Cash flows from investing activities:			
Interest received		19	14
Purchase of property, plant and equipment	15	(374)	(3,087)
Proceeds on disposal of property, plant and equipment		405	1
Purchase of intangible assets	14	(5,481)	(14,246)
Net cash outflow from investing activities		(5,431)	(17,318)
Cash flows from financing activities:			
Proceeds from issue of shares		1,000	31,837
Repayment of borrowings		(1,236)	(249)
Proceeds from issue of convertible notes	24	10,000	-
Payment of lease liabilities	23	(892)	(862)
Net cash inflow from financing activities		8,872	30,726
Net decrease in cash and cash equivalents		(12,992)	(13,809)
Cash and cash equivalents at the beginning of the year		15,845	26,786
Effect of foreign exchange rates		(239)	2,868
Cash and cash equivalents at end of year	21	2,614	15,845

The accompanying notes on pages 15 - 49 form an integral part of these financial statements.

1 Accounting policies

Company information

ALL.SPACE Networks Limited ("the company") is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Unit 1, Now Building, Thames Valley Park Drive, Reading, Berkshire, RG6 1RB.

The group consists of the company and its US subsidiary, ALL.SPACE Networks, Inc.

The company's and the group's principal activities and nature of its operations are disclosed in the Strategic Report and the Directors' Report.

Accounting convention

These financial statements are the first published consolidated financial statements of the group prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the UK and the requirements of the Companies Act 2006.

The financial statements of the group were previously prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

Some of the IFRS recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from FRS 102. Consequently, the directors have amended certain accounting policies to comply with IFRS. The directors have also taken advantage of certain exemptions from the requirements of IFRS permitted by IFRS 1 'First time adoption of IFRS' ('IFRS 1').

Comparative figures have been restated, unless there is an exception to retrospective application required by IFRS 1 or the directors have taken advantage of any of the exemptions from retrospective application permitted by IFRS 1. Reconciliations and descriptions of the effect of the transition to IFRS on consolidated and company equity, and the consolidated and company total comprehensive income previously reported under FRS 102 are given in note 35.

During the year, there was a change in the company's functional currency from sterling to US dollars as the directors believe that this better reflects the primary economic environment that the company operates in, generates and expends cash in.

On 1 January 2023, the group changed its reporting currency from sterling to US dollars to provide greater transparency in the group's performance for investors and other stakeholders and to reduce exchange rate volatility in reported figures, given that all of group's financing, the majority of its revenue and a significant proportion of its costs originate in US dollars. In accordance with IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, this change in presentational currency was applied retrospectively and accordingly, prior year comparatives have been restated. Financial information included in the consolidated financial statements for years ended 31 December 2023 and 2022 have been restated in US dollars as follows:

- Assets and liabilities in non-US denominated currencies were translated into US dollars at the rate of exchange ruling at the relevant balance sheet date;
- Non-US dollar income statements and cash flows were translated into US dollars at average rates of exchange for the relevant period;
- Share capital, share premium and all other equity items were translated at the historical rates prevailing at 1 January 2023, the date of transition to IFRS, or the subsequent rates prevailing on the date of each relevant transaction; and
- The cumulative foreign exchange translation reserve was set to zero on 1 January 2023, the date of transition to IFRS and this reserve has been restated on the basis that the group has reported in US dollars since that date.

In preparing these financial statements, the exchange rates used in respect of the pound sterling (£) are:

	2024	**2023**	**2022**
Average for the year ended 31 December	1.28	1.25	n/a
At 31 December	1.25	1.27	1.21

Reconciliations and descriptions of the effect of the change in presentation currency on consolidated and company equity, and the consolidated and company total comprehensive income previously reported are given in note 35.

1 **Accounting policies** *(continued)*

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of the financial statements. If in the future such estimates and assumptions, which are based on management's best judgement at the date of the financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the year in which circumstances change. The areas involving judgement or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

Adoption of new and revised standards
There has been no impact on the group from the application of any new standards in the reporting period commencing from 1 January 2024.

New and revised standards in issue but not yet effective
The following standards, amendments and interpretations to existing standards have been published but are not effective and have not been early adopted by the group:

- IFRS 18 will replace IAS 1 Presentation of Financial Statements and applies for all annual reporting periods on or after 1 January 2027.

The group is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the group's statement of profit or loss, the statement of cash flows and the additional disclosures required for Management Defined Performance Measures.

It is not anticipated that the adoption of the above standards, amendments and interpretations of existing standards will have a material impact on the group financial statements in the period of initial application.

Individual company financial statements- Reduced disclosures
The company is a qualifying entity for the purposes of FRS 101: Reduced Disclosure Framework ("FRS 101") and has therefore taken advantage of the following disclosure exemptions from the requirements of IFRS, for the parent company information presented within these consolidated financial statements:

- inclusion of an explicit and unreserved statement of compliance with IFRS;
- presentation of an opening Statement of Financial Position on transition to IFRS;
- presentation of a Statement of Cash Flows and related notes;
- disclosure of the objectives, policies and processes for managing capital;
- disclosure of key management personnel compensation;
- disclosure of the categories of financial instruments and the nature and extent of risks arising on these financial instruments;
- the effect of financial instruments on the Statement of Comprehensive Income;
- comparative period reconciliations for the carrying amounts of property, plant and equipment, intangible assets and investments;
- disclosure of the future impact of new International Financial Reporting Standards in issue but not yet effective at the reporting date;
- related party disclosures for transactions with the parent or wholly owned members of the group.

Where required, equivalent disclosures are given in these group financial statements.

1 Accounting policies *(continued)*

Basis of consolidation
The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company (its subsidiaries, together, the 'group') made up to 31 December 2024. The consolidated financial statements of the group have been prepared under the accounting principles of IFRS 10- 'Consolidated Financial Statements'.

Subsidiaries are entities over which the group has control. Control is defined as the power to direct the entity's relevant activities, exposure to variable returns from involvement with the entity and the ability to use this power to affect the amount of the returns. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains and losses on transactions between group companies are eliminated. Accounting policies of subsidiaries are amended where necessary to ensure consistency with the policies adopted by the group.

Going concern
Notwithstanding consolidated net current liabilities of $6.6m at the reporting date, a consolidated loss for the year of $34.7m and consolidated operating cash outflows for the year of $16.4m, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The group is in the initial low-rate production phase for its first product and continues to make significant investments in its next generation of products and its operational capabilities.

As part of their going concern assessment, the directors have prepared budgets and cash flow forecasts for a period of 12 months ("the going concern assessment period") from the date of these financial statements. These forecasts indicate that additional funding will be required to ensure the group can continue to grow and develop in line with its business plans and meet its liabilities as they fall due during the going concern assessment period.

The group has a history of successfully obtaining funding necessary to support its plans and since the year end the group has successfully raised additional financing of $6.0m in the form of convertible notes and a simple agreement for future equity (SAFE) of which $5.5m has been received at the date of signing these accounts.

Based on the above indications, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. However, these circumstances indicate the existence of material uncertainty may cast significant doubt on the group's and the Company's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Foreign currency
Transactions in foreign currencies are translated to the respective functional currencies of group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, US dollars, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

The Group has taken advantage of the relief available in IFRS 1 to deem the cumulative translation differences for all foreign operations to be zero at the date of transition to UK-adopted IFRSs 1 January 2023.

1 Accounting policies *(continued)*

Revenue
The group recognises revenue to depict the transfer of promised goods and services to its customers in an amount that reflects the consideration to which the group expects to be entitled in exchange for those goods and services. Revenue is shown net of sales taxes and discounts. To determine whether to recognise revenue, the group follows a five- step process:

- Identifying the contract(s) with a customer
- Identifying the performance obligation(s) in each contract
- Determining the transaction price
- Allocating the transaction price to the performance obligations
- Recognising revenue when/as performance obligations are satisfied

Revenue from the sale of goods is recognised at the point of sale, typically this is where the customer has taken delivery of goods, the risks and rewards of ownership are transferred to the customer.

Revenue from the provision of services is recognised over time because the customer receives and consumes the benefits of the services as they are performed. Revenue is recognised by reference to the stage of completion of the services at the end of the reporting period. Stage of completion is calculated using an output method and estimating stage of completion, as a proportion of total estimated outputs needs to complete the contract.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Inventories
Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other cost incurred in bringing the inventory to its present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of inventories over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

Intangible fixed assets other than goodwill
Intangible assets that are acquired separately are initially measured at cost and subsequently measured at cost less any accumulated amortisation and accumulated impairment losses.

Amortisation periods and methods are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Amortisation is provided to write off the cost of assets, less their residual values, to profit or loss on a straight-line basis over the estimated useful lives, on the following basis:

Software	33.3%

1 Accounting policies *(continued)*

Internally generated intangible assets – research and development costs
Research and development expenses consist primarily of personnel and related expenses for the group's research and development staff, including salaries, benefits, bonuses, and stock-based compensation; the cost of certain third-party service providers; and allocated overheads. Research expenditure is recognised as an expense as incurred.

Development expenditure incurred on internally generated intangible assets is recognised as an intangible asset if all the following criteria are met:

- It is probable that the asset created will generate future economic benefits;
- The development cost of the asset can be measured reliably;
- Technical feasibility of completing the intangible asset can be demonstrated;
- There is the ability to use or sell the asset;
- Adequate technical, financial and other resources to complete the development and to use or sell the asset are available; and
- There is intention to complete, use or sell the intangible asset.

Capitalised development costs are initially measured at cost and subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete, and the asset is available for use. The asset is amortised over the period of expected future benefit.

Amortisation is provided to write off the cost of the asset over its useful life on a straight-line basis as follows:

- Developed technology asset 10 years

Property, plant and equipment
Property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses.

Depreciation is charged to write off the cost of assets, less their residual values, to profit or loss on a straight-line basis over the estimated useful lives, as follows:

Leasehold improvements	12.5%
Plant and equipment	12.5% - 33%
Fixtures and fittings	12.5%
IT equipment	33%

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset and is recognized in profit or loss.

1 Accounting policies *(continued)*

Right-of-use assets
Right-of-use assets are recognised at the commencement date of the lease and initially measured at the amount of the lease liability, plus any incremental costs of obtaining the lease and any lease payments made at or before the leased asset is available for use by the group.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and any accumulated impairment losses. The rights-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the useful economic life of the asset.

Right-of-use assets are adjusted for any re-measurement of the lease liability and lease modifications, as set out in the lease accounting policy.

Impairment of non-financial assets
At each reporting end date, the group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value- in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Non-current investments
Investments in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting end date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

Financial instruments
Financial assets and financial liabilities are recognised in the statement of financial position when the group becomes party to the contractual provisions of the instrument.

Financial assets
Cash and cash equivalents
Cash and cash equivalents comprise cash in hand, demand deposits held on call with banks, and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade and other receivables
Trade receivables are initially measured at their transaction price. Amounts owed by group undertakings and other receivables are initially measured at fair value, which is normally equivalent to transaction price, plus transaction costs. Trade and other receivables are held to collect the contractual cash flows which are solely payments of principal and interest and are subsequently measured at amortised cost, being the amount initially recognised less amounts settled and any impairment losses.

1 Accounting policies *(continued)*

Derecognition of financial assets
A financial asset (or part thereof) is derecognised when the contractual rights to cash flows expire or are settled, or when the contractual rights to receive the cash flows of the financial asset and substantially all the risks and rewards of ownership are transferred to another party. When there is no reasonable expectation of recovering a financial asset, it is derecognised ('written off'). The gain or loss on derecognition of financial assets measured at amortised cost is recognised in profit or loss.

Impairment of financial assets
An impairment loss is recognised for the expected credit losses on financial assets when there is an increased probability that the counterparty will be unable to settle an instrument's contractual cash flows on the contractual due dates, a reduction in the amounts expected to be recovered, or both.

The probability of default and expected amounts recoverable are assessed using reasonable and supportable past and forward-looking information that is available without undue cost or effort. The expected credit loss is a probability-weighted amount determined from a range of outcomes and takes into account the time value of money.

The measurement of impairment losses depends on whether the financial asset is 'performing', 'underperforming' or 'non-performing' based on the group's assessment of increases in the credit risk of the financial asset since its initial recognition and any events that have occurred before the year-end which have a detrimental impact on cash flows. The financial asset moves from 'performing' to 'underperforming' when the increase in credit risk since initial recognition becomes significant.

In assessing whether credit risk has increased significantly, the group compares the risk of default at the year-end with the risk of a default when the financial asset was originally recognised using reasonable and supportable past and forward-looking information that is available without undue cost. The risk of a default occurring takes into consideration default events that are possible within 12 months of the year-end ("the 12-month expected credit losses") for 'performing' financial assets, and all possible default events over the expected life of those debtors ("the lifetime expected credit losses") for 'underperforming' financial assets.

Impairment losses and any subsequent reversals of impairment losses are adjusted against the carrying amount of the financial asset and are recognised in profit or loss.

Impairment of trade receivables
For trade receivables, expected credit losses are measured by applying an expected loss rate to the gross carrying amount. The expected loss rate comprises the risk of a default occurring and the expected cash flows on default based on the aging of the receivable. The risk of a default occurring always takes into consideration all possible default events over the expected life of those receivables ("the lifetime expected credit losses"). Different provision rates and periods are used based on groupings of historical credit loss experience by product type, customer type and location.

Default is defined by management as probable non-payments of asset balances.

Financial liabilities
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all its liabilities.

Trade payables and other payables
Trade payables, accruals and other payables are initially measured at fair value, which is normally equivalent to transaction price, less transaction costs, and are subsequently measured at amortised cost, being the amount initially recognised less amounts settled.

1 **Accounting policies** *(continued)*

Preference shares
The group had redeemable preferred shares in issue, which also contain an equity conversion option. The equity conversion option failed the fixed for fixed rule in paragraph 11 of IAS 32 because the group may be obliged to deliver a fixed number of its own equity instruments for a variable amount of debt on conversion. As a result, the redeemable preferred shares were classified and accounted for wholly as financial liabilities with no equity component. The redeemable preferred shares were measured at fair value through profit and loss. The fair value was measured by using the fair value of the group's equity, based on the latest financing round, and applying it at the reporting date to the equity conversion option in the preferred shares. This approach was been used as a reasonable proxy to what the fair value of the debt component and the equity conversion option would be calculated respectively, by discounting the debt element using a discount factor representative of the weighted, average cost of capital a third party investor would apply for an investment in a company with a risk/return profile such as the company, and calculating the equity conversion option using a valuation methodology which includes (as an input) the fair value of the group's equity, based on the latest financing round.

During the prior year, the redemption rights of the redeemable preferred shares was removed. As the preferred shares can no longer be redeemed and the company is not obliged to declare or pay a dividend in respect of these shares the instruments in issue were reclassified from financial liabilities to equity at their fair value. The fair value has been measured using the fair value of the group's equity, based on the latest financing round. This approach has been used as a reasonable proxy to what the fair value of the instrument would have been had they been issued during the year

Derecognition of financial liabilities
A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires. Any difference between the carrying amount of a financial liability (or part thereof) that is derecognised and the consideration paid is recognised in profit or loss.

Equity instruments
Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

The group has non-redeemable preferred shares in issue. As the preferred shares cannot be redeemed and the company is not obliged to declare or pay a dividend in respect of these shares the instruments issued are included in equity at the fair value of the proceeds received, net of transaction costs or at the fair value of the instrument when the redemption rights were removed.

Certain of the non-redeemable preferred shares in issue were issued concurrently with warrants granting the holder the right to subscribe for Ordinary shares in the company. These warrants are classified as a component of equity because they are freestanding financial instruments that are legally detachable and separately exercisable from the preferred shares with which they were issued, are immediately exercisable, do not embody an obligation for the company to repurchase the shares and upon exercise permit the holders to receive a fixed number of Ordinary shares for a fixed price.

Income tax
The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

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

Current tax assets and liabilities are offset when the group has a legally enforceable right to set off and when the group intends to settle on a net basis.

1 **Accounting policies** *(continued)*

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

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

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow based on the manner in which the group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

Employee benefits
The costs of short-term employee benefits are recognised as a liability and an expense as incurred, unless those costs are required to be capitalised or deferred under another accounting policy.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits
Defined contribution pension obligation
The group operates a defined contribution scheme for the benefit of its employees. Contributions are charged to profit or loss in the year they are payable. The assets of the scheme are held separately from those of the group in an independently administered fund.

Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Share-based payments
Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Black-Scholes-Merton model. The fair value determined at the grant date is recognised in line with the vesting schedule for each option over the vesting period, based on the estimate of shares that will eventually vest.

In the individual company financial statements, the expense in relation to options over the company's shares granted to employees of a subsidiary is recognised by the company as a capital contribution and presented as an increase in the company's investment in that subsidiary. The expense in relation to options over the company's shares granted to employees of the company is recognised in profit or loss. A corresponding adjustment is made to equity.

1 Accounting policies *(continued)*

Leases

On commencement of a contract (or part of a contract) which gives the group the right to use an asset for a period of time in exchange for consideration, the group recognises a right-of-use asset and a lease liability, unless the lease qualifies as a 'short-term' lease or a 'low-value' lease.

Short-term leases

Where the lease term is twelve months or less and the lease does not contain an option to purchase the leased asset, lease payments are recognised as an expense on a straight-line basis over the lease term.

Leases of low-value assets

For leases where the underlying asset is low-value, lease payments are recognised as an expense on a straight-line basis over the lease term.

Initial measurement of the lease liability

The lease liability is initially measured at the present value of the lease payments during the lease term discounted using the interest rate implicit in the lease, or the incremental borrowing rate if the interest rate implicit in the lease cannot be readily determined.

The lease term is the non-cancellable period of the lease plus extension periods that the group is reasonably certain to exercise and termination periods that the group is reasonably certain not to exercise.

Lease payments include fixed payments, less any lease incentives receivable, variable lease payments dependent on an index or a rate (such as those linked to LIBOR) and any residual value guarantees. Variable lease payments are initially measured using the index or rate when the leased asset is available for use.

Subsequent measurement of the lease liability

The lease liability is subsequently increased for a constant periodic rate of interest on the remaining balance of the lease liability and reduced for lease payments. Interest on the lease liability is recognised in profit or loss.

Remeasurement of the lease liability

The lease liability is adjusted for changes arising from the original terms and conditions of the lease that change the lease term, the group's assessment of its option to purchase the leased asset, the amount expected to be payable under a residual value guarantee and/or changes in lease payments due to a change in an index or rate. The adjustment to the lease liability is recognised when the change takes effect and is adjusted against the right-of-use asset, unless the carrying amount of the right-of-use asset is reduced to nil, in which case any further adjustment is recognised in profit or loss.

Adjustments to the lease payments arising from a change in the lease term or assessment of options to purchase the leased asset are discounted using a revised discount rate. The revised discount rate is calculated as the interest rate implicit in the lease for the remainder of the lease term, or if that rate cannot be readily determined, the incremental borrowing rate at the date of reassessment.

Lease modifications

A lease modification is a change that was not part of the original terms and conditions of the lease and is accounted for as a separate lease if it increases the scope of the lease by adding the right to use one or more additional assets with a commensurate adjustment to the payments under the lease.

For a lease modification not accounted for as a separate lease, the lease liability is adjusted for the revised lease payments, discounted using a revised discount rate. The revised discount rate used is the interest rate implicit in the lease for the remainder of the lease term, or if that rate cannot be readily determined, the incremental borrowing rate at the date of the modification.

Where the lease modification decreases the scope of the lease, the carrying amount of the right-of- use asset is reduced to reflect the partial or full termination of the lease. Any difference between the adjustment to the lease liability and the adjustment to the right-of-use asset is recognised in profit or loss. For all other lease modifications, the adjustment to the lease liability is recognised as an adjustment to the right-of-use asset.

1 Accounting policies *(continued)*

Research and Development Expenditure Credit
Where research and development expenditure meets the required criteria specified by the local taxation authority to qualify as "qualifying research and development" expenditure and therefore entitles the group to a credit ('RDEC'), then this amount is credited to other operating income in the Statement of Comprehensive Income.

2 Critical accounting judgements, estimates and assumptions

In the application of the group's and the company'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 considered to be relevant. Actual results may differ from these estimates.

Critical accounting judgements in applying the company's accounting policies:

In the course of preparing the financial statements, no judgements have been made in the process of applying the Group's accounting policies, other than those involving estimations (which are dealt with separately below), that have had a significant effect on the amounts recognised in the financial statements.

Source of estimation uncertainty and judgements involving estimations:

The Group does not have any key assumptions concerning the future, or other key sources of estimation uncertainty in the reporting period that may have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Notwithstanding this, the Group has significant balances which do require some element of judgement, estimation and assumptions as follows:

Inventory provision
The nature of the group's business means that stock can become technically obsolete. Assessing the level of provision required for obsolete and slow-moving items of stock is an area of estimation uncertainty which may have an impact on the carrying amount of stock within the next financial year. The inventory provision is reviewed by management on a regular basis and amounts are provided for or released as considered necessary. The amounts provided for are generally determined based on factors which include product design changes and future demand which includes assumptions concerning future orders and revenue.

Fair value measurement and reclassification of preferred shares
Redeemable preferred shares were measured at fair value through profit and loss. The fair value was calculated by applying the market value of the price per share in the company's latest financing round. This approach was used as a reasonable proxy to what the fair value of the debt component and the equity conversion option would be calculated respectively, by discounting the debt element using a discount factor representative of the weighted average cost of capital a third party investor would apply for an investment in a company with a risk/return profile such as the company, and calculating the equity conversion option using a valuation methodology which includes (as an input) the fair value of the company's equity, based on the latest financing round.

During the prior year, the redemption rights of the preferred shares were removed. As the preferred shares can no longer be redeemed and the company is not obliged to declare or pay a dividend in respect of these shares the instruments in issue were reclassified from financial liabilities to equity at their fair value. The fair value has been measured using the fair value of the group's equity, based on the latest financing round. This approach has been used as a reasonable proxy to what the fair value of the instrument would have been had they been issued during the year.

Internally generated intangible assets
The group incurs a significant amount of expenditure on development activities related to its developed technology. Under IAS 38- 'Intangible assets', development costs incurred on internally generated intangible assets are required to be capitalised if certain criteria are met (refer to accounting policies). The Directors have exercised a critical judgement in determining that the criteria were met on 30 November 2021 and in their assessment of costs that can be directly attributable to the group's development activities since point. As a result, costs that are directly attributable to the group's development activities have been capitalised since that point. Note 14 provides further detail on the amount of development costs capitalised in the year.

3 Revenue

	2024 $'000	2023 $'000
Revenue from contracts with customers		
Sale of goods	5,420	283
Rendering of services	11,319	11,249
	16,739	11,532
Disaggregation of revenue by geographical region:		
Europe	3,808	4,798
United States of America	12,722	6,734
Rest of the world	209	-
	16,739	11,532
Timing of revenue recognition		
Goods transferred at a point in time	5,420	283
Services transferred over time	11,319	11,249
	16,739	11,532

Revenue from the sale of goods is recognised at the point of sale, typically this is where the customer has taken delivery of goods, the risks and rewards of ownership are transferred to the customer. Invoices are generated according to the contractual terms and are usually payable within 30 days.

Revenue from the rendering of services is recognised over time because the customer receives and consumes the benefits of the services as they are performed. Revenue is recognised by reference to the stage of completion of the services at the end of the reporting period. Stage of completion is calculated using an output method by estimating stage of completion, as a proportion of total estimated outputs needs to complete the contract. Invoices are generated according to the contractual terms and are usually payables within 30 days. Uninvoiced amounts are presented as contract assets and payments received in advance are presented as contract liabilities.

At the reporting date the group had approximately $8,703,000 (2023: $1,068,000) of revenue expected to be recognised from remaining performance obligations. The group expects to recognise revenue of most of these remaining performance obligations within one year of the reporting date, with the balance recognised thereafter. The estimated revenues from the remaining performance obligations do not include uncommitted contract amounts, such as (i) amounts which are cancellable by the customer without any significant penalty; and (ii) amounts associated with optional renewal periods. Revenue for the year includes $1,068,000 (2023: $135,000) released from the contract liabilities balance carried forward at the beginning of the year.

The group recognised a loss in respect of impairment adjustments on its contract assets of $1,123,000 (2023: $nil) in the year.

4 Expenses by nature

	2024 $'000	2023 $'000
Changes in inventories of finished goods and work in progress	(5,456)	(1,279)
Raw materials and consumables	11,202	2,707
Research and development costs	7,981	7,316
Employee benefits	26,063	24,243
Depreciation and amortisation		
- owned assets (notes 14 and 15)	2,547	1,191
- right-of-use-asset (note 15)	784	887
Professional services and consultancy	5,071	6,242
Marketing	805	788
Impairment loss on contract assets	1,123	-
Foreign exchange losses/(gains)	266	2,362
(Profit)/loss on disposal of tangible fixed assets	(137)	13
Other operating expenses	2,314	3,227
Total cost of sales and administrative expenses	52,563	47,697

5 Other operating income

	2024 $'000	2023 $'000
Research and development tax credits	387	487
Other income	218	-
	605	487

6 Employees

The average monthly number of persons (including directors) employed during the year was:

	Group		Company	
	2024 Number	2023 Number	2024 Number	2023 Number
Operations	42	39	42	39
Research and development	93	96	86	88
Sales, general and administration	44	47	30	34
	179	182	158	161

6 Employees *(continued)*

Their aggregate remuneration comprised:

	Group		Company	
	2024	2023	2024	2023
	$'000	$'000	$'000	$'000
Wages and salaries	21,934	21,730	17,619	17,305
Social security costs	2,204	1,946	1,970	1,700
Pension costs	307	252	205	188
	24,445	23,928	19,794	19,193
Share based payment (note 8)	1,618	315	1,526	303
	26,063	24,243	21,320	19,496

7 Directors' remuneration

Group

	2024	2023
	$'000	$'000
Remuneration for qualifying services	1,045	486
Employer pension contributions to defined contribution schemes	2	1
	1,047	487

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2023 - 1). *No directors' exercised share options in the year (2023 - nil).*

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2024	2023
	$'000	$'000
Remuneration for qualifying services	682	486
Employer pension contributions to defined contribution schemes	2	1
	684	487

8 Share-based payment transactions

On 31 March 2019, the shareholders of the company approved the ALL.SPACE Networks Incentive Plan 2019 (the "2019 Incentive Plan"), which provides for the granting of qualified and non-qualified stock options and restricted share units to employees and directors of the group. The primary purpose of the 2019 Incentive Plan is to enhance the group's ability to attract, motivate, and retain the services of qualified employees, officers and directors. Any share options under the 2019 Incentive Plan will have a term of not more than 10 years and vesting of new awards will be at the discretion of the board of directors but is not expected to exceed four years. During the year, the group issued a number of options to existing employees at revised exercise prices whilst at the same cancelling awards made to the same employees in prior periods.

Group	Number of share options		Weighted average exercise price	
	2024	2023	2024	2023
	Number	*Number*	$	$
Outstanding at 1 January	676,480	741,732	$2.52	3.00
Granted	2,450,742	-	$1.11	-
Forfeited or expired	(901,116)	(65,252)	$3.26	4.53
Outstanding at 31 December	2,226,106	676,480	$0.67	2.96
Exercisable at 31 December	859,731	473,928	0.91	2.20

The options outstanding at 31 December 2024 had an exercise price ranging from $0.13 to $7.38 and a remaining contractual life of 9 years.

Group

The Black-Scholes-Merton option pricing model was used for the valuation of share option awards. Fair value is defined as the amount at which an option could be sold in a current transaction between willing parties, that is, other than in a forced or liquidation sale. Calculating the fair value of share option awards requires the input of subjective assumptions. Other reasonable assumptions could provide differing results.

Inputs were as follows:

	2024	2023
Weighted average share price ($)	1.09	1.03
Weighted average exercise price ($)	1.11	1.03
Expected volatility (%)	50.9-69.0	36.8-50.56
Expected life (years)	6.8-9.0	6.1 - 6.3
Risk free rate (%)	3.3-7.0	0.26-3.19
Expected dividends yields	nil	nil

Expected volatility has been based on an evaluation of the estimated time to a liquidity event which was based upon an analysis of the historical volatility of guideline public companies as well as factors specific to the group such as size, expected growth and relative risk. Expected dividends is based on comparable businesses at a similar stage of their development.

	Group		Company	
	2024	2023	2024	2023
	$'000	$'000	$'000	$'000
Expenses recognised in the year				
Arising from equity settled share-based payment transactions	1,618	315	1,526	303

9 Auditor's remuneration

	2024	2023
For audit services	**$'000**	**$'000**
Audit of the financial statements of the group and company	160	113

10 Finance income

	2024 $'000	2023 $'000
Interest income		
Interest on bank deposits	19	14

11 Finance costs

	2024 $'000	2023 $'000
Interest on loans	1,439	1,622
Interest on convertible notes	538	-
Interest on lease obligations	247	270
Other finance expense	41	-
	2,265	1,892

12 Other gains and losses

	2024 $'000	2023 $'000
Fair value gains		
Change in the value of financial liabilities held at fair value through profit or loss	-	93,230

13 Taxation

	2024 $'000	2023 $'000
Current tax		
Corporate income tax	(2,750)	(6,129)
Total current tax	(2,750)	(6,129)
Deferred tax		
Origination and reversal of temporary differences	-	-
Total tax credit	(2,750)	(6,129)

13 Taxation *(continued)*

The total tax credit for the year included in the income statement can be reconciled to the loss before tax multiplied by the standard rate of tax as follows:

	2024 $'000	2023 $'000
(Loss)/profit before taxation	(37,465)	55,674
Expected tax credit based on the standard rate of corporation tax in the UK of 25.00% *(2023: 23.52%)*	(9,366)	13,095
Tax effect of:		
Non-deductible expenses	280	1,019
Fair value movement on financial instruments	-	(22,417)
Research and development – additional deduction	(3,178)	(8,114)
Surrender of tax losses	4,125	3,897
Current year losses for which no deferred tax asset is recognised	6,529	6,207
Other deductible temporary differences not recognised	(1,111)	8
Other	(29)	178
Total tax credit	(2,750)	(6,129)

In addition to the above, $387,000 *(2023: $487,000)* has been recognised in other operating income relating to above the line (ATL) research and development tax credits.

The 19% corporation tax rate in the UK increased to 25% from April 2023. Deferred tax has been measured based on this rate.

Deferred tax assets
Deferred tax assets are attributable to the following:

Group	2024 Gross amount $'000	Tax effect $'000	2023 Gross amount $'000	Tax effect $'000
Deductible temporary timing differences	228	57	228	57
Tax losses	77,187	19,297	56,888	14,222
	77,415	19,354	57,116	14,279

Gross tax losses of $58,076,000 *(2023: $44,071,000)* relate to the UK trade and $19,111,000 *(2023: $12,817,000)* relate to the US trading subsidiary.

Deferred tax liabilities
Deferred tax liabilities are attributable to the following:

Group	2024 Gross amount $'000	Tax effect $'000	2023 Gross amount $'000	Tax effect $'000
Intangible assets	20,859	5,215	18,799	4,700
Property, plant and equipment	2,993	748	4,185	1,046
	23,852	5,962	22,984	5,746

The deferred tax liabilities above are offset by the deferred tax assets. The remaining deferred tax assets, which relate to remaining tax losses carried forward, have not been recognised because it is uncertain when future taxable profits will be available against which the Group can utilise the losses.

14 Intangible fixed assets

Group	Developed technology $'000	Software $'000	Total $'000
Cost			
At 1 January 2023	8,027	41	8,068
Additions	14,246	-	14,246
Exchange differences	734	1	735
At 31 December 2023	23,007	42	23,049
Additions	5,481	-	5,481
Exchange differences	(501)	-	(501)
At 31 December 2024	27,987	42	28,029
Amortisation and impairment			
At 1 January 2023	-	39	39
Charge for the year	-	1	1
Exchange differences	-	1	1
At 31 December 2023	-	42	42
Charge for the year	1,028	-	1,028
Exchange differences	(21)	-	(21)
At 31 December 2024	1,007	42	1,049
Carrying amount			
At 31 December 2024	26,980	-	26,980
At 31 December 2023	23,007	-	23,007

Company	Developed technology $'000	Software $'000	Total $'000
Cost			
At 1 January 2024	23,007	25	23,032
Additions	5,481	-	5,481
Exchange differences	(501)	-	(501)
At 31 December 2024	27,987	25	28,012
Amortisation and impairment			
At 1 January 2024	-	25	25
Charge for the year	1,028	-	1,028
Exchange differences	(21)	-	(21)
At 31 December 2024	1,007	25	1,032
Carrying amount			
At 31 December 2024	26,980	-	26,980
At 31 December 2023	23,007	-	23,007

The amortisation charge for the year is recognised within administrative expenses.
There are no contractual commitments to acquire intangible assets (2023: $nil).

15 Property, plant and equipment

Group	Leasehold improvements	Plant and equipment	Fixtures and fittings	IT equipment	Right-of-use assets property	Right-of-use assets equipment	Total
Cost	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 January 2023	448	2,660	201	844	2,888	403	7,444
Additions	330	1,846	133	777	-	901	3,987
Disposals	-	(25)	-	-	-	-	(25)
Exchange differences	30	163	12	55	152	41	453
At 31 December 2023	808	4,644	346	1,676	3,040	1,345	11,859
Additions	98	71	19	186	-	-	374
Disposals	-	(441)	-	(1)	-	-	(442)
Exchange differences	(15)	(64)	(6)	(29)	(52)	(23)	(189)
At 31 December 2024	891	4,210	359	1,832	2,988	1,322	11,602
Depreciation and impairment							
At 1 January 2023	74	650	22	469	-	-	1,215
Charge for the year	81	704	37	320	536	351	2,029
Impairment charge	-	48	-	-	-	-	48
Disposals	-	(12)	-	-	-	-	(12)
Exchange differences	5	39	1	28	12	8	93
At 31 December 2023	160	1,429	60	817	548	359	3,373
Charge for the year	132	901	45	441	410	374	2,303
Disposals	-	(174)	-	-	-	-	(174)
Exchange differences	(5)	(34)	(1)	(21)	(18)	(14)	(93)
At 31 December 2024	287	2,122	104	1,237	940	719	5,409
Carrying amount							
At 31 December 2024	604	2,088	255	595	2,048	603	6,193
At 31 December 2023	648	3,215	286	859	2,492	986	8,486

15 **Property, plant and equipment** *(continued)*

Company	Leasehold improvements	Plant and equipment	Fixtures and fittings	IT equipment	Right-of-use assets property	Right-of-use assets equipment	Total
Cost	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
At 1 January 2024	809	4,127	290	1,541	3,039	1,345	11,151
Additions	98	41	19	159	-	-	317
Disposals	-	(243)	-	(1)	-	-	(244)
Exchange differences	(15)	(64)	(6)	(29)	(52)	(23)	(189)
At 31 December 2024	892	3,861	303	1,670	2,987	1,322	11,035
Amortisation and impairment							
At 1 January 2024	160	1,164	34	731	548	359	2,996
Charge for the year	132	854	38	416	410	374	2,224
Disposals	-	(89)	-	-	-	-	(89)
Exchange differences	(5)	(34)	(1)	(21)	(18)	(14)	(93)
At 31 December 2024	287	1,895	71	1,126	940	719	5,038
Carrying amount							
At 31 December 2024	605	1,966	232	544	2,047	603	5,997
At 31 December 2023	649	2,963	256	810	2,491	986	8,155

The depreciation charge is recognised within administrative expenses.

16 Investments

Company	Subsidiary undertakings $'000
Cost	
At 1 January 2024	241
Additions	88
At 31 December 2024	329
Carrying amount	
At 31 December 2024	329
At 31 December 2023	241

Additions to investments in subsidiaries of $88,000 (2023: $24,000) are in respect of the share option charge for employees of the company's subsidiary undertaking.

17 Subsidiaries

Details of the company's subsidiary at 31 December 2024 are as follows:

Name of undertaking	Address	Nature of business	Class of Share held	% Held Direct
ALL.SPACE Networks, Inc.	1	Commercial activities	Common	100.00

Registered office address:

1 8 Market Place, Suite 381, Baltimore, MD 21202, USA

18 Inventories

Group and Company	2024 $'000	2023 $'000
Raw materials and consumables	6,697	3,626
Work in progress	1,399	-
Finished goods	2,661	-
Allowance for obsolescence	(2,867)	(1,192)
	7,890	2,434

19 *Contract balances*

	Group 2024 $'000	Group 2023 $'000	Company 2024 $'000	Company 2023 $'000
Contract assets				
Unbilled amounts related to goods and services transferred	1,100	1,485	1,100	1,111
Allowance for impairment loss	(1,100)	-	(1,100)	-
	-	1,485	-	1,111
Contract liabilities				
Advance payments from customers	8,703	1,068	1,339	1,068

20 Trade and other receivables

	Group 2024 $'000	Group 2023 $'000	Company 2024 $'000	Company 2023 $'000
Trade receivables	3,069	2,117	1,743	121
Called up share capital not paid	-	8,774	-	8,774
Amounts owed by group undertakings	-	-	12,109	16,977
Other receivables	1,140	2,199	1,127	2,172
	4,209	13,090	14,979	28,044

21 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks.

	Group 2024 $'000	Group 2023 $'000	Company 2024 $'000	Company 2023 $'000
Cash on hand and balances with banks	2,614	15,845	2,386	14,128
	2,614	15,845	2,386	14,128

22 Trade and other payables

	Group		Company	
	2024	2023	2024	2023
	$'000	$'000	$'000	$'000
Trade payables	7,359	4,974	5,182	4,847
Accrued expenses	7,530	5,998	6,401	4,807
Other tax and social security	1,332	130	1,305	103
	16,221	11,102	12,888	9,757

23 Lease liabilities

	Group		Company	
	2024	2023	2024	2023
	$'000	$'000	$'000	$'000
Current	751	644	751	644
Non-current	2,331	3,136	2,331	3,136
	3,082	3,780	3,082	3,780

The group leases offices and factory facilities that typically run for a period of 3 to 10 years and plant and equipment and that typically run for a period of 3 to 5 years. The group also leases plant and equipment with a contract term of 1 year. As these leases are short-term the group has elected to not recognise right-of-use assets and lease liabilities for these assets.

Reconciliation of movements in lease liabilities during the year.

Group and company	2024	2023
	$'000	$'000
At 1 January	3,780	3,291
Interest expense	247	270
Additions	-	901
Lease payments	(892)	(862)
Exchange adjustments	(53)	180
	3,082	3,780

The maturity of the gross contractual undiscounted cash flows due on the group's lease liabilities is set out below based on the period between the reporting date and the end of the lease term as determined for IFRS 16.

Group and company	2024	2023
	$'000	$'000
Due in 1 year or less	751	644
Due after 1 year but not more than 2 years	1,187	764
Due after 3 years but not more than 5 years	306	1,207
Due after more than 5 years	838	1,165
	3,082	3,780

24 Borrowings and other financial liabilities

	Group		Company	
	2024	2023	2024	2023
	$'000	$'000	$'000	$'000
Current liabilities				
Secured loan (note a)	1,092	2,222	1,092	2,222
	1,092	2,222	1,092	2,222
Non-current liabilities				
Secured loan (note a)	7,316	7,413	7,316	7,413
Convertible notes (note b)	9,481	-	9,481	-
	16,797	7,413	16,797	7,413
	17,889	9,635	17,889	9,635

a) Loans

In 2022 the company entered into a loan agreement which allowed the company to borrow up to a maximum of $20.0m by no later than August 2023 and of which at the reporting date $10.0m has been drawn down. Interest accrues at the greater of the Wall Street Journal prime rate plus 7% or 11.5%. The loan is secured by fixed and floating charges over the Group's assets and is repayable by installments due between September 2025 and September 2027.

Reconciliation of movements in loans during the year.

Group	2024	2023
	$'000	$'000
At 1 January	9,635	9,856
Interest	1,439	1,622
Repayments	(2,676)	(1,871)
Exchange adjustments	10	28
At end of year	8,408	9,635

b) Convertible notes

During the year the company issued convertible notes of $10.0m that have an 18-month term. Interest accrues at 10% and is payable annually or shall be rolled up and added to the principal amount outstanding. The conversion option may be exercised by the holders of the notes on the occurrence of a qualifying event. When the conversion option is exercised, the outstanding principal of the notes and any accrued interest outstanding are converted at a price based on a valuation of the company at that point in time. Otherwise, the total principal and accrued interest outstanding is repayable in cash at maturity. The liability is classified as non-current at 31 December 2024.

Reconciliation of movements in convertible notes during the year.

Group	2024	2023
	$'000	$'000
At 1 January	-	-
Proceed from of convertible notes	10,000	-
Unamortised equity component of debt	(519)	-
At end of year	9,481	-

25 Employee benefit obligations

Group

Retirement benefits – defined contribution pension scheme
The group operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

Group	2024 $'000	2023 $'000
Charge to profit or loss in respect of defined contribution schemes	307	252

Contributions totaling $78,000 (2023: $103,000) were payable to the fund at the year end and are included in payables.

26 Financial instruments and financial risk management

Group

Financial instruments
The group's financial instruments mainly comprise cash and bank balances, various items arising directly from its operations, such as trade and other receivables and trade and other payables, and financing in the form of loans and convertible notes. The main purpose of these financial instruments is to provide working capital and financing for the group. The group's policy is to obtain the highest rate of return on its cash and bank balances, subject to having sufficient resources to manage the business on a day-to-day basis and not exposing the group to unnecessary risk of default.

Financial assets and liabilities
The totals for each category of financial instrument, measured in accordance with IFRS 9 as detailed in the accounting policies, are as follows:

Financial assets measured at amortised cost

Group	2024 $'000	2023 $'000
Inventories	7,890	2,434
Contract assets	-	1,485
Corporate tax recoverable	3,136	6,762
Trade and other receivables	4,209	13,090
Prepayments	2,336	2,129
Cash and cash equivalents	2,614	15,845
	20,185	41,745

27 Financial instruments and financial risk management *(continued)*

Financial liabilities measured at amortised cost

Group	2024	2023
	$'000	$'000
Trade and other payables	16,221	11,102
Contract liabilities	8,703	1,068
Borrowings	17,889	9,635
Lease liabilities	3,082	3,780
	45,895	25,585

The carrying value of all financial instruments measured at amortised cost is not materially different from their fair value. It is the group's policy that no trading in financial instruments shall be undertaken. Cash and bank balances attract floating interest rates. Accordingly, the carrying amounts of financial instruments measured at amortised cost are considered to approximate to fair value.

Financial risk management
The directors monitor the group's financial risks and management policies. The directors' overall risk management strategy seeks to assist the group in meeting its financial targets whilst minimising potential adverse effects on financial performance.

The group is exposed to the following financial risks:

- Foreign currency risk
- Credit risk
- Liquidity risk
- Interest rate risk

a) Foreign currency risk:
Foreign currency risk comes from the movement of the GBP and EUR exchange rates with a majority of cash inflows into the group being denominated in USD. Certain business is done with customers and suppliers in GBP and EUR and these transactions give rise to short-term receivables, payables and cash balances in GBP and EUR. Consequently, the movements in the GBP and EUR exchange rates can affect the group statement of financial position as well as the group statement of comprehensive income.

The group regularly monitors exchanges rates and seeks to manage this risk. The retranslation of the company's net assets into USD for the group accounts is also affected by the GBP/USD exchange rate. The group has the following financing and financial position exposures:

(i) The retranslation of the company's net assets into USD for consolidation purposes.
(ii) Intercompany loan and trading relationships held in non-functional currency.

27 Financial instruments and financial risk management *(continued)*

b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions. Before accepting a new customer, the group assesses both the potential customer's credit quality and risk. Customer contracts are drafted to reduce any potential credit risk to the group. All cash and bank balances are held in established financial institutions.

Trade receivables

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales and the corresponding historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The expected credit losses at the reporting date were as follows based on the aging and current recoverability expected:

Group	**Not due**	**1-60 days**	**61-90 days**	**91-120 days**	**Total**
2024					
Expected credit loss rate (%)	0%	0%	0%	0%	
Gross carry amount ($'000)	1,025	2,029	-	15	3,069
Expected credit loss ($'000)	-	-	-	-	-
Group					
2023					
Expected credit loss rate (%)	0%	0%	0%	0%	
Gross carry amount ($'000)	1,834	283	-	-	2,117
Expected credit loss ($'000)	-	-	-	-	-

27 Financial instruments and financial risk management *(continued)*

c) Liquidity risk

Liquidity risk is the risk that the group will encounter difficulty in meeting obligations associated with financial liabilities. The group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation. The remaining contractual maturities on the group's financial liabilities are as follows:

Group	1 year or less $'000	1 to 3 years $'000	3 to 5 years $'000	Over 5 years $'000	Total contractual cash flows $'000	Carrying amount $'000
2024						
Non-interest bearing						
Trade payables	7,359	-	-	-	7,359	7,359
Accrued expenses	7,530	-	-	-	7,530	7,530
Other tax and social security	1,332	-	-	-	1,332	1,332
Contract liabilities	8,703	-	-	-	8,703	8,703
Interest bearing						
Lease liabilities	751	1,186	306	839	3,082	3,082
Secured loan	1,092	7,316	-	-	8,408	8,408
Convertible notes	-	9,481	-	-	9,481	9,481
Total	26,767	17,983	306	839	45,895	45,895

Group	1 year or less $'000	1 to 3 years $'000	3 to 5 years $'000	Over 5 years $'000	Total contractual cash flows $'000	Carrying amount $'000
2023						
Non-interest bearing						
Trade payables	4,974	-	-	-	4,974	4,974
Accrued expenses	5,998	-	-	-	5,998	5,998
Other tax and social security	130	-	-	-	130	130
Contract liabilities	1,068	-	-	-	1,068	1,068
Interest bearing						
Lease liabilities	644	764	1,207	1,165	3,780	3,780
Secured loan	2,222	7,413	-	-	9,635	9,635
Total	15,036	8,177	1,207	1,165	25,585	25,585

d) Interest rate risk

Interest rate risk is the risk that the future cash flows associated with a financial instrument will fluctuate because of changes in market interest rates. The interest rates on cash and bank balances are low, such that interest rate risk on these balances is minimal. The cash flows associated with convertible notes and leases are as set out in the respective agreements and no interest rate risk arises.

The only interest-bearing financial liabilities that are subject to interest rate risk is the group's secured loan which bears interest at the greater of the Wall Street Journal prime rate plus 7% or 11.5%.

Based on this exposure, had the rate increased by 1% or reduced by 1% on this loan with all other variables held constant the group's loss before tax for the year would have been £91,000 higher or lower respectively and equity would have been £91,000 lower or higher respectively.

27 Financial instruments and financial risk management *(continued)*

Capital management
The group's main objective when managing capital is to protect returns to shareholders by ensuring the group will continue to trade for the foreseeable future. The group considers its capital to include cash and bank balances, share capital, share premium, retained earnings and other equity reserves.

Fair value measurement

Fair value hierarchy

IFRS 7 requires all financial instruments carried at fair value to be analysed as detailed below:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); or
- Level 3: inputs for the asset or liability that are not based on observable market data.

Cash

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours and attract floating interest rates. The carrying amount of these assets approximates their fair value.

Trade and other receivables and trade and other payables

For trade and other receivables and trade and other payables with a remaining life of less than one year or which are receivable or payable on demand, the carrying amount is deemed to reflect the fair value due to their short- term nature. Receipts from customers and payments to suppliers on undisputed invoices are within allowable credit terms. Trade and other receivables are written off when deemed uncollectible.

Other payables and other receivables

Lease liabilities

The carrying amount of current and non-current lease liabilities are estimated by discounting the future contractual cash flows at the group's incremental borrowing rate.

Secured Loan

The fair value of the group's loan is estimated by discounting the future contractual cash flows at their effective interest rates. For variable rate borrowings these are discounted at the current market interest rates.

Convertible notes

The fair value of the group's convertible notes is estimated by discounting the future contractual cash flows at their effective interest rates.

28 Share capital

	2024	2023	2024	2023
Ordinary share capital issued and fully paid	**Number**	**Number**	**$'000**	**$'000**
Ordinary shares of 0.001p each	1,120,397	1,993,897	-	-
B Ordinary shares of 0.001p each	146,700	146,700	-	-
	1,267,097	2,140,597	-	-
Preference share capital issued and fully paid				
Series Seed Preferred shares of 0.001p each	1,701,000	1,701,000	-	-
Series A Preferred shares of 0.001p each	3,487,266	3,487,266	-	-
Series A1 Preferred shares of 0.001p each	237,149	237,149	-	-
Series B1 Preferred shares of 0.001p each	1,705,245	1,705,245	-	-
Series B2 Preferred shares of 0.001p each	2,598,700	2,598,700	-	-
Series B3 Preferred shares of 0.001p each	243,014	243,014	-	-
Series C Preferred shares of 0.001p each	3,801,905	3,801,905	-	-
	13,774,279	13,774,279	-	-
Total share capital classified as equity	15,041,376	15,914,876	-	-

All shares except B Ordinary shares carry an equal right per share to vote at general meetings of the company. The Ordinary shares, B Ordinary shares and Preferred shares rank pari passu for dividends. Series A, Series A1, Series B1, Series B2, Series B3 Preferred shares and Series C Preferred Shares (the 'preferred shares') confer on the holders the right to receive in priority to the rights of all other shareholders, a fixed non-cumulative preferential dividend ('the preferred dividend'), currently at the rate of $0.133695 per share for Series A and Series A1 preferred shares, $0.6552 per share for Series B1, Series B2, and Series B3 Preferred shares and $0.267 per share for the Series C Preferred shares.

The company is not obliged to declare or pay the preferred dividend in respect of any financial year. No dividend may be declared or paid by the company on the Ordinary shares unless all accruals of the preferred dividend, in respect of that financial year, have been paid to the preferred shareholders pari passu as if they constituted one and the same class. On a liquidation the preferred shareholders have priority for payment of an amount equal to the original subscription price of their shares, plus any arrears or accruals of the preferred dividend.

The preferred shares are convertible into Ordinary shares at a fixed conversion ratio as defined in the company's articles for each class of preferred shares.

During the year the company purchased 873,500 (2023 - nil) of its own Ordinary shares of 0.001p each out of distributable reserves for consideration of $7,774,150 (2023: $ nil).

29 Reserves

Share premium account
Consideration received for shares issued above their nominal value net of transaction costs. During the year, the company reduced the share premium account by $100,901,000 and credited to the profit and loss reserves.

Capital redemption reserve
The nominal value of shares repurchased and still held at the end of the reporting period. During the year, the company repurchased 873,500 Ordinary shares of 0.001p each.

Equity component of debt
The amount allocated to the equity in relation to convertible notes issued by the company.

Profit and loss reserves
Cumulative profit and loss net of distributions to owners.

30 Analysis of changes in net debt

	1 January 2023	Cash flows	Other non-cash changes	Exchange rate movements	31 December 2023
	$'000	$'000	$'000	$'000	$'000
Cash at bank and in hand	26,786	(13,809)	-	2,868	15,845
Lease liabilities	(3,291)	593	(901)	(180)	(3,779)
Secured loan	(9,856)	249	-	(28)	(9,635)
	13,639	(12,967)	(901)	2,660	2,431

	1 January 2024	Cash flows	Other non-cash changes	Exchange rate movements	31 December 2024
	$'000	$'000	$'000	$'000	$'000
Cash at bank and in hand	15,845	(12,991)	-	(240)	2,614
Lease liabilities	(3,779)	644	-	53	(3,082)
Secured loan	(9,635)	1,237	-	(10)	(8,408)
Convertible notes	-	(10,000)	519	-	(9,481)
	2,431	(21,110)	519	(197)	(18,357)

Other movements relate to the right-of-use assets acquired in the year and the unamortised equity component of the convertible notes.

31 Events after the reporting date

Non-adjusting events

Since the year end, the group has successfully raised a further $6.0m of financing in the form of convertible notes and a simple agreement for future equity (SAFE) of which $5.5m has been received at the date of signing these accounts.

32 Related party transactions

Remuneration of key management personnel

The total remuneration of the directors and senior management who are considered to be the key management of the group was as follows:

	2024	2023
	$'000	$'000
Wages and salaries	3,547	3,713
Pension costs	6	10
Share based payments	1,306	198
	4,859	3,921

33 Directors' transactions

During the year the company purchased from J Finney called up share capital not paid in relation to 873,500 of its own Ordinary shares of 0.001p each out of distributable reserves for consideration of $7,774,150.

34 Ultimate controlling party

Due to the current shareholding structure, the directors consider there to be no ultimate controlling party.

35 Change in reporting currency and transition to IFRS

On 1 January 2023, the group and the company changed its reporting currency from sterling to US dollars and transitioned from FRS 102 to IFRS. Reconciliations and descriptions of the effect of the change in reporting currency and the transition to IFRS on the group and the company's equity, as at 1 January 2023 and at 31 December 2023, and on the group's and the company's total comprehensive income for year-ended 31 December 2023, are shown below.

Group

Impact on Equity and Total Comprehensive Income:

	Notes	1 January 2023	31 December 2023
		£'000	**£'000**
Group equity reported in accordance with FRS 102		(103,779)	18,577
Exchange rate used to translate into US Dollars		1.21	1.27
		$'000	**$'000**
Group equity reported in accordance with FRS 102		(125,573)	23,593
Effect of change in reporting currency:			
Reclassification of warrants	a)	2,088	1,170
Other		21	56
Group equity reported in accordance with FRS 102 (as restated)		(123,464)	24,819
Effect of transition to IFRS:			
IFRS 16 lease accounting adjustments	c)	17	(173)
IAS 38 internally developed intangible asset adjustments	d)	8,027	23,007
Group equity reported in accordance with IFRS		(115,420)	47,653

Reconciliation of consolidated total comprehensive income for the year ended 31 December 2023

	Notes	31 December 2023
		£'000
Group total comprehensive profit for the year reported in accordance with FRS 102		41,059
Exchange rate used to retranslate result into US Dollars		1.25
		$'000
Group total comprehensive profit for the year reported in accordance with FRS 102		51,147
Effect of change in reporting currency:		
Reclassification of warrants	a)	(918)
Exchange differences	b)	(3,215)
Group total comprehensive profit for the year reporting in accordance with FRS 102 (as restated)		47,014
Effect of transition to IFRS:		
IFRS 16 lease accounting adjustments	c)	(191)
IAS 38 internally developed intangible asset adjustments	d)	14,980
Group total comprehensive profit for the year reported in accordance with IFRS		61,803

There are no other material differences between the cash flow statement presented under IFRS and the cash flow statement presented under FRS 102.

35 Change in reporting currency and transition to IFRS *(continued)*

Company

Impact on Equity and Total Comprehensive Income:

	Notes	1 January 2023	31 December 2023
		£'000	**£'000**
Company equity reported in accordance with FRS 102		(97,965)	29,583
Exchange rate used to translate into US Dollars		1.21	1.27
		$'000	**$'000**
Company equity reported in accordance with FRS 102		(118,518)	37,662
Effect of change in reporting currency:			
Reclassification of warrants	a)	2,088	1,170
Group equity reported in accordance with FRS 102 (as restated)		(116,430)	38,832,
Effect of transition to IFRS:			
IFRS 16 lease accounting adjustments	b)	17	(173)
IAS 38 internally developed intangible asset adjustments	c)	8,027	23,007
Company equity reported in accordance with IFRS		(108,386)	61,666

Reconciliation of company total comprehensive income for the year ended 31 December 2023

	Notes	31 December 2023
		£'000
Company total comprehensive loss for the year reported in accordance with FRS 102		46,250
Exchange rate used to retranslate result into US Dollars		1.25
		$'000
Group total comprehensive profit for the year reported in accordance with FRS 102		57,614
Effect of change in reporting currency:		(2,703)
Reclassification of warrants	a)	(918)
Group total comprehensive profit for the year reporting in accordance with FRS 102 (as restated)		53,993
Effect of transition to IFRS:		
IFRS 16 lease accounting adjustments	b)	(191)
IAS 38 internally developed intangible asset adjustments	c)	14,980
Company total comprehensive loss for the year reported in accordance with IFRS		68,782

There are no other material differences between the cash flow statement presented under IFRS and the cash flow statement presented under FRS 102.

35 Change in reporting currency and transition to IFRS *(continued)*

Explanation of impact of change in reporting currency and transition to IFRS:

a) Reclassification of warrants
The change in reporting currency has resulted in the reclassification warrants previously held as a financial liability measured at fair value through profit and loss to a component of equity and the derecognition of $2.1m of fair value through profit and loss adjustments previously reported at 1 January 2023. A further adjustment of $1.2m was required for the year to 31 December 2023.

b) Exchange differences
The change in functional currency for the Company has resulted in exchange differences arising from the retranslation of monetary assets and liabilities with the resulting foreign exchange differences recognised in the income statement.

c) IFRS 16 lease accounting adjustments
The application of IFRS 16 (Leases) has resulted in the reclassification of a number of leases previously held as operating leases to lease liabilities and recognition of $3.5m of corresponding leases liabilities and right-of-use assets. A further adjustment of $0.2m was required for the year to 31 December 2023.

d) IAS 38 internally developed intangible asset adjustments
Development costs of $8.0m have been capitalised as at 1 January 2023 under IAS 38 (Intangible Assets) which were expensed to the statement of comprehensive income previously applied under FRS 102. A further adjustment of $23.0m was required for the year to 31 December 2023.