

MicroSalt Plc

Annual Report and financial statements

For the Year Ended 31 December 2023

Company Number 10061337

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Strategic report

Chair's statement

I am delighted to announce, on behalf of the Board, MicroSalt Plc's ("MicroSalt" or the "Company") first set of full year results following the successful admission of the Company to the AIM market of the London Stock Exchange in February 2024. I would like to take this opportunity to thank our longer-term shareholders for their ongoing support, in particular Tekcapital plc for their early-stage funding and advice, and to welcome all our new shareholders. I would also like to thank our employees, suppliers, customers, and everyone who has and is supporting the business and in delivering its successful IPO.

Strategy

MicroSalt is a company focused on commercialising a patented technology to produce full-flavour, low-sodium salt for food manufacturers and consumers. The food industry is focused on developing and providing better-for-you products that taste great and reduce sodium intake. The reason for this is that excess sodium consumption contributes to cardiovascular disease, a leading cause of premature death globally. To address this problem, MicroSalt has developed a patented process for producing micron-sized salt crystals that provide all of the flavour of salt with roughly half of the sodium for topical food applications. MicroSalt has developed what we believe to be the world's smallest edible salt crystals with its patented MicroSalt®. With MicroSalt®, companies can make full flavour snacks and prepared meals with the same saltiness as traditional foods yet with half of the sodium. MicroSalt® dissolves faster, is all natural, non-GMO, Kosher and does not contain any of the additives or salt substitutes found in other sodium reduction products.

Board and Governance

As a Board, we are committed to promoting the highest standards of corporate governance and ensuring effective communication with shareholders. We remain focused on ensuring the Company delivers on its long-term growth strategy and is run in a sustainable and socially responsible manner with a strong level of governance oversight from the Board of Directors.

Outlook

We are excited about 2024 as the year where we see MicroSalt receiving recurring commercial volume purchase orders for its bulk product. The Group currently has various significant volume customer prospects at advanced stages with a range of national and multi-national companies. The nature and size of these existing and potential customers businesses is that once MicroSalt has been nominated as a supplier on one product line, we expect further nominations across multiple other, and likely much larger product lines of that customer.

We also anticipate more investment into growth of our MicroSalt® shakers and its establishment as the generational salt used at home.



Judith Batchelar
Chair
29 May 2024

Principal risks and uncertainties

Liquidity risk

Cash flow forecasting is performed on a regular basis. The Directors monitor rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs. Post period end, the Company announced its IPO on the AIM Market raising approximately GBP 3.1m, strengthening its balance sheet considerably.

Early stage of operations

The Group's business is at an early stage of development. In particular, the Group's future growth and prospects will depend on its ability to continue to develop products with commercial partners for applications which have sufficient commercial appeal, to continue to be awarded B2B commercial volume purchase orders of the Group's products, to manage growth and to continue to improve operational, financial and management information and quality control systems on a timely basis, whilst at the same time maintaining effective cost controls. There are a particular number of operational, strategic and financial risks associated with such early-stage companies. Any failure to improve operations, financial and management information and quality control systems in line with the Group's growth could have a material, adverse effect on the business, its financial condition and results of operations. There can be no certainty that the Group will achieve increased or sustained revenues, profitability, or positive cash flow from its operating activities within the timeframe expected by the Board or at all. The development of the Group's revenues is difficult to predict and there is no guarantee that it will generate any material revenues in the foreseeable future. The Group has a limited operating history upon which its performance and prospects can be evaluated.

Alternative low sodium products are produced by competitors

The market in which the Group operates is competitive and may become more competitive. It is possible that developments by others will render the Group's current products obsolete. There can be no assurance that potential competitors of the Group, which may have greater financial, research and development, technical, sales and marketing and/or personnel resources than the Group, are not currently developing, or will not in the future develop, products that are equally or more effective at satisfying consumer demand and/or more economical than those developed and produced by the Group. Competitive pressures may reduce the margins available to the Group, therefore impacting future profitability.

The Directors believe that the Group's future success will depend in part upon the Group's ability to retain its competitive position in the market. Any failure to maintain its competitive position may have material adverse effects on the Group's prospects, results of operation and financial condition.

Credit risk

In order to minimise this risk, the Group endeavours to only deal with companies that are demonstrably creditworthy, and the CEO and CFO continuously monitor this exposure. The Group's maximum exposure to credit risk for the components of financial position at 31 December 2023 and 31 December 2022 is the carrying amount of its current trade and other receivables as set out in Note 16.

Customer concentration and dependency

Whilst the Group supplies products to multiple B2B and B2C customers, it will in the short to medium term depend on a limited number of large multi-national B2B customers in any one year for a significant proportion of its revenue.

In the absence of any formal contractual agreements, there can be no guarantee that the Group's B2B customers will continue to buy products from the Group at volumes they have done so in the past and/or previously indicated to the Group that they would purchase. Furthermore, should a customer delay, reduce or change its requirements, there will be minimal recourse available to the Group, thus resulting in such customer actions likely having a material adverse effect on the Group's business, financial condition, result of operations and prospects.

Principal risks and uncertainties (continued)

Disruption to outsourced production, storage and distribution operations

As at the date of this Document, the Group outsources manufacturing across facilities in Ohio, New York and Wisconsin.

In its current stage of development, there is an inherent risk to the Group in outsourcing both production and distribution to third parties. The business could be materially adversely affected if there was a significant disruption to any of the Group's production, storage or distribution operations. Third parties will have other client demands to manage and therefore the Group will have to plan effectively, which can be difficult, particularly as volumes increase. In the event of the insolvency of any of the Group's production, storage or distribution providers, or any other termination of such operations, the Group may not be able to arrange for alternative production, storage or distribution on as favourable terms, or with sufficient speed to ensure continuity of business, or at all. Further, if there was a technical failure, fire, explosion or any other event resulting in a major or prolonged disruption at any of the facilities used by the Group's service providers, this could result in a significant loss in production capacity and significant costs and/or damage to the Group's reputation, all of which could have a material adverse effect on the Group's prospects, results of operations and financial condition. Whilst the Group has insurance, not all risks may be covered by its policies, and any insurance coverage available may be insufficient to cover some or all costs. There may also be disruption to sales, which could impact relationships and in turn adversely affect the Group's prospects, results of operations and financial condition.

Corporate Governance

Board of directors

Judith Batchelar – Non-Executive Chair

Judith Batchelar has over 35 years' experience in the UK food industry, having previously served as a director of Sainsbury's and Safeway with further roles at Marks & Spencer plc. Judith is a biochemist, nutritionist and has an Honorary Doctorate in Agriculture from Harper Adams University. As a Fellow of the Institute of Food Science and Technology and the President of the British Nutrition Foundation, she is highly respected in the sector. She is also a Fellow of the Royal Society of Arts, Manufactures and Commerce. In 2015, Judith was awarded an OBE for services to farming and the food industry.

Rick Guiney – Chief Executive Officer

Rick Guiney was appointed MicroSalt's Chief Executive Officer in December 2021 and is a veteran of the food industry with a 35-year track record of senior positions at Anheuser-Busch and Quorn Foods. He previously founded a snacks company, Classic Snacks Inc., where he was Chief Executive Officer for 28 years. During his stewardship, Rick grew Classic Snacks Inc. into a leading national snack company in the US which was included on the Inc.500 Fastest Growing Company list.

Konrad Dabrowski – Chief Financial Officer

Konrad Dabrowski is a Chartered Accountant after having spent 5 years with Deloitte US. Konrad previously worked as finance director at Lucyd and was global accounting manager for Restaurants Brands International, working alongside businesses such as Burger King, Tim Hortons and Popeyes. Currently Konrad serves as (non-Board) Chief Financial Officer of Innovative Eyewear and AIM-listed Tekcapital.

Gary Urmston – Non-Executive Director

Gary Urmston has more than 17 years in the food industry, notably as Chief Financial Officer of Produce Investments Ltd and William Jackson Food Group Ltd. He has governance and internal control experience, through his roles leading the finance functions, as a Divisional Finance Director for UK manufacturing company, Northern Foods plc, as well as through his audit and assurance experience with KPMG. He also has extensive M&A experience, having led a number of transactions during his time in industry.

Dan Emery – Non-Executive Director

Dan Emery has served as a non-executive Director of MicroSalt since 2021 and has longstanding experience in the food sector. During his time as Vice President of Sales & Marketing at Pilgrim's, a leading global provider of high-quality food products, sales reached US\$8.5 billion during his tenure. He also previously served as President and Principal of Meaningful Solutions, a consulting firm specialising in the agri-food sector and of GreenStar Cooperative, focusing on gourmet food distribution in the New York area.

Directors' report

The Directors present their report, together with the audited financial statements of the Group and Company, for the year ended 31 December 2023.

Review of business and financial performance

Information on the financial position and development of the Group is set out in the Chairman's Statement on page 3.

Results

The Group reports a loss for the year of US\$3.5m (2022: US\$2.5m). The current year and prior year results relate solely to ongoing activities. The Directors do not recommend payment of a dividend.

Subsequent events

On 1 February 2024, the Company completed its IPO on the AIM Market of the London Stock Exchange, raising approximately £3.1m (US\$3.9m).

Future developments

MicroSalt's future strategy is to achieve recurring commercial volume purchase orders for its bulk product and invest more into the growth of MicroSalt® shakers and its establishment as the generational salt used at home.

Financial risk management

Details of the Group's financial risk management objectives and policies and its exposure to risks associated with the use of financial instruments are disclosed in note 24 to the financial statements.

Going concern

The Directors have assessed the ability of the Group to continue as a going concern using cash flow forecasts. Following the completion of its IPO on the AIM Market of London Stock Exchange plc as detailed in note 26., cash raised pursuant to the IPO and cash generated from operating activities will finance the Group's working capital requirements. The Directors are satisfied that there are sufficient resources to continue in business for the foreseeable future.

Furthermore, the Directors are not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. They are mindful of the rising costs of inflation but are confident they have appropriate plans in place to mitigate any such risk in relation to this. Therefore, the financial statements continue to be prepared on the going concern basis.

Directors

Since 1 January 2023, the following Directors have held office:

Mr K Dabrowski
Mr R Guiney (Appointed 19 September 2023)
Dr C Gross (Appointed 14 February 2023, Resigned 19 September 2023)
Mr A Inglis (Resigned 19 September 2023)
Ms J Batchelar (Appointed 1 February 2024)
Mr G Urmston (Appointed 1 February 2024)
Mr D Emery (Appointed 1 February 2024)

Corporate governance statement

The MicroSalt Board is committed to maintaining high standards of corporate governance. In accordance with AIM Rule 26, AIM quoted companies are required to adopt and give details of the corporate governance code which they have adopted and to show how they are following it. The Board has adopted the Quoted Companies Alliance’s Corporate Governance Code for small and mid-size quoted companies (the “QCA Code”).

Of the recognised codes generally adhered to by AIM companies, the QCA Code has been drafted with smaller businesses in mind, with a pragmatic and principles-based approach. It was therefore deemed by the Board to be the most suitable.

Solid corporate governance is the foundation on which the business is managed, and this is supported by the range of talents of the directors. Biographies of the directors appear on page 9 and demonstrate a range of experience and calibre to bring the right level of independent judgment to MicroSalt’s business. Ensuring financial strength alongside the growth of portfolio businesses are key guiding principles, supported by an effort to ensure solid communication with shareholders.

The chair is responsible for leading the Board and for its overall effectiveness in directing the Group. They ensure that the Board implements, maintains and communicates effective corporate governance processes and promotes a culture of openness and debate designed to foster a positive governance culture throughout the Group.

The Board is responsible for the Group’s systems of internal controls and for reviewing their effectiveness. Such systems can only provide reasonable, but not absolute, assurance against material misstatement or loss. The Board believes that the Group has internal control systems in place appropriate to the size and nature of its business. The Board is satisfied that the scale of the Group’s activities does not currently warrant the establishment of an internal audit function.

The Board is also responsible for identifying the major business risks faced by the group and for determining the appropriate course of action to manage those risks. Formal meetings are held quarterly to review strategy, management and performance of the Group, with additional meetings between those dates convened as necessary. MicroSalt’s adoption of the QCA principles is summarised in the table below. Further details are made available on the Group’s website at <https://MicroSaltinc.com/corporate-governance/>.

No	QCA principle	MicroSalt adoption
1	Establish a strategy and business model which promote long-term value for shareholders	<p>The Directors believe that the Group’s model and growth strategy, centred on growing the core B2B segment, will promote long-term value for shareholders.</p> <p>The Board also considers factors such as impact of supply chain, manufacturing, CO2 emissions, health implications of each potential investee’s product/service on the environment and society as a whole as part of its supply chain and customer adoption process. The Directors believe Group’s mission to lower sodium consumption goes the long way addressing one of the main health concerns in the world.</p> <p>The principal risks facing the Group are set out on Page 7 and 8 of this Report.</p>
2	Seek to understand and meet shareholder needs and expectations	<p>The Board engages with shareholders and the broader investment community via a variety of channels and activities including the annual general meeting, updates to shareholders via reporting and the regulatory news service, and institutional and retail investor presentations, both face-to-face and online. The CEO and CFO are the primary contacts for investor interaction.</p>

Corporate governance statement (continued)

No	QCA principle	MicroSalt adoption
3	Take into account wider stakeholder and social responsibilities and their implications for long-term success	<p>The Group takes its corporate social responsibilities, including its wider ESG responsibilities, very seriously and is focused on maintaining effective working relationships across a wide range of stakeholders in order to achieve long term success. The Group has identified its key stakeholders, including shareholders, employees, customers, suppliers and communities, and is reliant on its ability and willingness to engage with them to positively influence the development of the companies and communities it interacts with, together with the environments in which the Group operates.</p> <p>The Board has also established a number of formal policies which directly set out external communications, dealings and behaviours.</p> <p>The Directors will maintain an open and ongoing dialogue with the Company's stakeholders, providing opportunities to raise issues and provide feedback, therefore helping to promote the long-term success of the Group.</p>
4	Embed effective risk management, considering both opportunities and threats, throughout the organization	<p>The principal risks facing the Group are set out on Page 7 and 8 of this Document.</p> <p>The risks involved and the specific uncertainties for the Group are regularly monitored and the Board, led by the Audit Committee, are formally reviewing such risks at regular intervals and adapt them as the Group's operations grow and evolve. All proposals reviewed by the Board include consideration of the issues and risks of the proposal. Where necessary, the Board draws on the expertise of appropriate external consultants or advisers to assist in dealing with or mitigating risk.</p>
5	Maintain the board as a well-functioning, balanced team led by the chair	<p>The biographies of the Directors are set out on Page 9 of this Report. The Non-Executive Chair, Judith Batchelar, and Non-Executive Directors, Daniel Emery and Gary Urmston, are considered to be independent and were selected with the objective of bringing experience and independent judgement to the Board.</p> <p>MicroSalt's Chief Financial Officer, Konrad Dabrowski, is also employed by Tekcapital, as its (non-board) Chief Financial Officer. Konrad does, however, commit the majority of his time to the Group and is contracted to commit not fewer than 25 hours per week to the Group.</p> <p>The Board is also supported by the Audit Committee and the Remuneration Committee. The composition of the Board will be kept under regular review, taking into account the relevant skills, experience, independence, knowledge and gender balance of the Board. The Directors will be subject to retirement by rotation at every third annual general meeting of the Company.</p> <p>The Board meets at regular intervals throughout the year and will hold at least 9 board meetings per annum. Processes are in place to ensure that each Director is, at all times, provided with such information as is necessary to enable each Director to discharge their respective duties.</p> <p>The Group is satisfied that the current Board is sufficiently resourced to discharge its governance obligations on behalf of all stakeholders and will consider the requirement for additional executive and non-executive directors as the Company fulfils its growth objectives.</p>

Corporate governance statement (continued)

No	QCA principle	MicroSalt adoption
6	Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities	<p>The skills and experience of the Directors are summarised in their biographies set out on Page 9 of this Report.</p> <p>The Directors believe that the Board has the appropriate balance of diverse skills and experience in order to deliver its core objectives. Experiences are varied and contribute to maintaining a balanced Board that has the appropriate level and range of skill to push the Group forward.</p> <p>The Board is not dominated by any one individual and all Directors have the ability to challenge proposals put forward to the meeting, democratically. The Directors have also received a briefing from Zeus, the Company's Nominated Adviser, in respect of continued compliance with, among other things, the AIM Rules for Companies and the Market Abuse Regime.</p> <p>As the Group evolves over time, the Board will be reassessed to ensure its membership remains appropriate for skills and experience.</p>
7	Evaluate board performance based on clear and relevant objectives, seeking continuous improvement	<p>The Directors consider seriously the effectiveness of the Board, Audit Committee, Remuneration Committee, and individual performance of each Director.</p> <p>The Company has established a formal process for an annual assessment of the individual contributions of each member of the Board to ensure that their contribution is relevant and effective. This will be conducted by the Non-Executive Chair who will discuss the results with the Board on a collective and individual basis as appropriate. In addition, the Non-Executive Chair will consider whether the annual evaluation should be facilitated externally.</p>
8	Promote a corporate culture that is based on ethical values and behaviours	<p>The Group has a responsibility towards its employees and other stakeholders. The Board promotes a culture of integrity, honesty, trust and respect and all employees of the Group are expected to operate in an ethical manner in all of their internal and external dealings.</p> <p>The Board has established formal policies and guidelines which directly promote this culture and include such matters as whistleblowing, social media, anti-bribery and corruption, communication and general conduct of employees. The Executive Directors take responsibility for the promotion of ethical values and behaviors throughout the Group, and for ensuring that such values and behaviors guide the objectives and strategy of the Group. The culture is set by the Board and is regularly considered and discussed at Board meetings.</p>

Corporate governance statement (continued)

No	QCA principle	MicroSalt adoption
9	Maintain governance structures and processes that are fit for purpose and support good decision-making by the board	<p>By adopting and complying with the requirements of the QCA Code, the Board ensures that good corporate governance is maintained. The Non-Executive Chair leads the Board and is responsible for its governance structures, performance and effectiveness. The Board retains ultimate accountability for good governance and is responsible for monitoring the activities of the executive team. The Non-Executive Directors are responsible for bringing independent and objective judgement to Board decisions. The Executive Directors are responsible for the operation of the business and delivering the strategic goals agreed by the Board.</p> <p>The Board is supported by the Audit Committee and Remuneration Committee. There are certain material matters which are reserved for consideration by the full Board.</p> <p>The Board intends to review the Group’s governance framework on an annual basis to ensure it remains effective and appropriate for the business going forward. This will be coordinated by Gary Urmston.</p>
10	Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	<p>The Board is committed to maintaining effective communication and having constructive dialogue with Shareholders. The Company intends to have ongoing relationships with both its private and institutional shareholders (through meetings and presentations) as well as with analysts, and for them to have the opportunity to discuss issues and provide feedback at meetings with the Directors.</p> <p>The Company’s corporate governance statement (which sets out how it complies with the principles of the QCA Code) and the information that will be contained in the Company’s annual report and accounts, provide details to all stakeholders on how the Company is governed. The Board views the annual report and accounts as well as its half year report as key communication channels through which progress in meeting the Group’s objectives and updating its strategic targets can be given to Shareholders.</p> <p>Additionally, the Board will use the Company’s annual general meetings as a primary mechanism to engage directly with Shareholders, to give information and receive feedback about the Group and its progress.</p> <p>The Company’s website will be updated on a regular basis with information regarding the Group’s activities and performance, including financial information.</p> <p>There is also a designated email address for investor relations, investors@MicroSaltinc.com, and all contact details are included on the Group’s website.</p>

Independent auditor's report to the members of MicroSalt plc (continued)

Overview of our audit approach

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the Group financial statements to be \$179,000, based on approximately 5% percent of Group loss before tax. Materiality for the Parent Company financial statements as a whole was set at \$59,500 based on 1.5% of Parent Company total assets.

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment. This is set at \$143,000 for the Group and \$47,600 for the Parent Company.

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors' remuneration.

We agreed with the Audit Committee to report to it all identified errors in excess of \$5,500. Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

Overview of the scope of our audit

The group operates in two jurisdictions: the United Kingdom and the United States of America. The full scope audit of Microsalt Plc was conducted from the UK. We conducted full scope audit of significant components of the Group from the UK and did not engage component auditors as support was provided to us by management along with Parent audit support. The audit approach and key audit matters identified were consistent across the Group.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The only matter which we identified as a Key Audit Matter was Going Concern, which is described in 'Conclusions relating to Going Concern' above.

This is not a complete list of all risks identified by our audit.

Our audit procedures in relation to these matters were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on these matters individually and we express no such opinion.

Other information

The directors are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Financial statements

Consolidated statement of profit or loss and other comprehensive income


	Note	Year ended 31 December 2023 US\$'000	Year ended 31 December 2022 US\$'000
Revenue	4	574	638
Cost of sales		(724)	(441)
Gross (loss)/profit		(150)	197
Other operating income	5	120	30
Administrative expenses		(3,318)	(2,639)
Operating loss		(3,348)	(2,412)
Finance expense	10	(131)	(67)
Loss before taxation		(3,479)	(2,479)
Taxation	11	-	-
Loss for the year		(3,479)	(2,479)
Loss for the year attributable to:			
Owners of the parent		(3,479)	(1,940)
Non-controlling interests		-	(539)
		(3,479)	(2,479)
Other comprehensive income			
<i>Items that may or may not be recognised in profit or loss:</i>			
Foreign currency translation differences		6	-
Total comprehensive income		(3,473)	(2,479)
Total comprehensive loss attributable to:			
Owners of the parent		(3,473)	(1,940)
Non-controlling interests	23	-	(539)
		(3,473)	(2,479)
Loss per share for loss attributable to the owners			
Basic and diluted loss per share (US\$)	12	(0.39)	(166.61)

The notes on pages 29 to 48 form part of these financial statements

Consolidated statement of financial position

		As at 31 December 2023 US\$'000	As at 31 December 2022 US\$'000
Company Number 10061337	Note		
Assets			
Current assets			
Inventories	15	568	208
Trade and other receivables	16	1,259	221
Cash and cash equivalents	17	117	91
Total current assets		<u>1,944</u>	<u>520</u>
Non-current assets			
Property, plant & equipment	14	8	-
Intangible assets	13	321	147
Total non-current assets		<u>329</u>	<u>147</u>
Total assets		<u>2,273</u>	<u>667</u>
Liabilities			
Current liabilities			
Trade and other payables	18	1,745	165
Total current liabilities		<u>1,745</u>	<u>165</u>
Non-current liabilities			
Borrowings	19	2,524	170
Total non-current liabilities		<u>2,524</u>	<u>170</u>
Total liabilities		<u>4,269</u>	<u>335</u>
Net (liabilities)/assets		<u>(1,996)</u>	<u>332</u>
Equity			
Share capital	20	73	-
Share premium	20	-	1,121
Share-based payment reserve		1,060	488
Capital contribution reserve		500	2,452
Accumulated losses		(3,635)	(3,999)
Translation reserve		6	-
		<u>(1,996)</u>	<u>62</u>
Non-controlling interests	23	-	270
Total equity		<u>(1,996)</u>	<u>332</u>

The financial statements were approved and authorised for issue by the Board of Directors on 28 May 2024 and were signed on its behalf by:


Name: Rick Guiney
Title: CEO

The notes on pages 29 to 48 form part of these financial statements

Consolidated statement of changes in equity

	Note	Share capital US\$'000	Share premium US\$'000	Share based payment reserve US\$'000	Capital contribution reserve US\$'000	Accumulated losses US\$'000	Translation reserve US\$'000	Total attributable to the company US\$'000	Non – controlling interests US\$'000	Total equity US\$'000
At 1 January 2022		-	1,121	109	43	(2,059)	-	(786)	300	(486)
Loss for the year		-	-	-	-	(1,940)	-	(1,940)	(539)	(2,479)
<i>Transactions with owners</i>										
Issue of ordinary share capital	20	-	-	-	-	-	-	-	509	509
Capital contribution from ultimate controlling party		-	-	-	2,409	-	-	2,409	-	2,409
Share-based payments		-	-	379	-	-	-	379	-	379
At 31 December 2022		-	1,121	488	2,452	(3,999)	-	62	270	332
Loss for the year		-	-	-	-	(3,479)	-	(3,479)	-	(3,479)
Other comprehensive income		-	-	-	-	-	6	6	-	6
<i>Transactions with owners</i>										
Issue of ordinary share capital	20	73	2,452	-	(2,452)	-	-	73	-	73
Capital contribution from ultimate controlling party		-	-	-	500	-	-	500	-	500
Cancellation of share premium		-	(3,573)	-	-	3,573	-	-	-	-
Share-based payments	21	-	-	572	-	-	-	572	-	572
Share exchange		-	-	-	-	270	-	270	(270)	-
At 31 December 2023		73	-	1,060	500	(3,635)	6	(1,996)	-	(1,996)

The notes on pages 29 to 48 form part of these financial statements

Consolidated statement of cash flows

	Note	Year ended 31 December 2023 US\$'000	Year ended 31 December 2022 US\$'000
Cash flows from operating activities			
Loss before income tax		(3,479)	(2,479)
Depreciation of property, plant and equipment	14	1	-
Amortisation of intangible assets		6	2
Share based payment expense		572	379
Finance expense	10	131	67
		<u>(2,769)</u>	<u>(2,031)</u>
(Increase) / decrease in inventories	15	(360)	24
Increase in trade and other receivables	16	(1,038)	(76)
Increase in trade and other payables	18	1,580	111
Net cash used in operating activities		<u>(2,587)</u>	<u>(1,972)</u>
Cash flows from investing activities			
Purchase of intangible assets	13	(180)	(116)
Payments to acquire property, plant and equipment	14	(9)	-
Net cash used in investing activities		<u>(189)</u>	<u>(116)</u>
Cash flows from financing activities			
Issue of shares		73	-
Proceeds from borrowings		2,723	1,652
Investment by non-controlling interests		-	509
Net cash from financing activities		<u>2,796</u>	<u>2,161</u>
Increase in cash and cash equivalents	17	20	73
Cash and cash equivalents at beginning of year		91	18
Effect of foreign exchange rate changes		6	-
Cash and cash equivalents at end of year		<u>117</u>	<u>91</u>

The notes on pages 29 to 48 form part of these financial statements

Company statement of changes in equity

	Share capital US\$'000	Share premium US\$'000	Share based payment reserve US\$'000	Capital contribution reserve US\$'000	Accumulated losses US\$'000	Translation reserve US\$'000	Total US\$'000
At 1 January 2022	-	1,121	-	43	(1,065)	-	99
Loss for the year	-	-	-	-	(46)	-	(46)
<i>Transactions with owners</i>							
Capital contribution from ultimate controlling party	-	-	-	2,409	-	-	2,409
At 31 December 2022	-	1,121	-	2,452	(1,111)	-	2,462
Loss for the year	-	-	-	-	(135)	-	(135)
Other comprehensive income	-	-	-	-	-	142	142
<i>Transactions with owners</i>							
Issue of ordinary share capital	73	2,452	-	(2,452)	-	-	73
Capital contribution from ultimate controlling party	-	-	-	500	-	-	500
Cancellation of share premium	-	(3,573)	-	-	3,573	-	-
Transfer of share based payment reserve from subsidiary	-	-	972	-	(640)	-	332
Share-based payments	-	-	88	-	-	-	88
At 31 December 2023	73	-	1,060	500	1,687	142	3,462

The notes on pages 51 to 55 form part of these financial statements

Notes to the company financial statements (continued)

10. Ultimate controlling party

At 31 December 2023, the ultimate controlling party of the Company was Tekcapital plc.

11. Events after the reporting date

On 1 February 2024, the Company completed an initial public offering (IPO) and raised £3.1m (approx. US\$3.94m) before expenses at an issue price of 43 pence per share. The Company admitted its shares to trading on the AIM market of the London Stock Exchange on the same day.

Company information

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Mr R Guiney
Ms J Batchelar
Mr G Urmston
Mr D Emery

Secretary

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