

14 April 2025

Concurrent Technologies Plc
(the "Company" or the "Group")

Final results for the year ended 31 December 2024

Record financial performance, underpinning confidence in long-term growth

Concurrent Technologies Plc (AIM: CNC), a designer and manufacturer of leading-edge computer products, systems, and mission-critical solutions used in high-performance markets by some of the world's major OEMs, announces its audited final results for the year ended 31 December 2024.

Financial Highlights

| | 2024 | 2023 Restated | % change |
|----------------------------------|-------------|----------------------|-----------------|
| Revenue | £40.3m | £31.7m | 27% |
| Gross Profit | £20m | £15.6m | 28% |
| Profit before tax & exceptionals | £5.2m | £3.7m | 40% |
| Earnings per share | 5.49p | 4.06p | 26% |
| Dividend per share | 1.1p | 1.0p | 10% |
| EBITDA | £7.8m | £6.0m | 30% |
| Order intake | £41m | £28.2m | 45% |
| Closing cash | £13.7m | £11.1m | 23% |

- Record financial performance in FY24, delivering revenue of £40.3m, up 27% on the prior year.
- Profit before tax increased by c.40% to £5.2m, including a significant investment of £1.1m in the Systems business, as planned.
- Gross profit increased by 28% to £20m (FY23 £15.6m) reflecting the significant increase in revenue with the gross profit margin remaining strong at 49.5% (FY23 48.4%)
- EBITDA increased by 30% to £7.8m (FY23 £6.0m).
- Cash generative with closing net cash balance of £13.7m (FY23 £11.1m), despite a one-off exceptional last-time investment in inventory in H1 of \$4.6m / £3.5m.
- The Board will propose, at the Company's Annual General Meeting to be held on 12 June 2025, a final dividend of 1.1 pence per Ordinary Share in the Company (FY23 1.0p). Subject to the approval of shareholders, the final dividend will be paid on 4 July 2025 to shareholders on the register on 20 June 2025.

Operational Highlights

- Continued investment in R&D to improve the cadence and time to market of the Group's products as demonstrated by several new product launches including Rhea, to support existing and new VME customers and Hermod II, highlighting the Group's ambitious product roadmap within the Systems business.
- New partnerships secured, including with Parry Labs, Eizo Rugged and a fast-growing defence prime contractor in the US, which are critical for the Group to strengthen its position in the defence sector.
- Launch of new website and update to branding to better reflect the Company's vision and ambitions.
- The Group now structured and operating across two business units – Products and Systems - to align with growth strategy.

Products business unit

- Secured 22 design wins across key geographies, including 10 'major wins' underpinning the Group's long-term growth trajectory.
- The design wins include the largest-ever contract to date, with a major US Defence & Aerospace contractor, valued at \$6 million, set to contribute materially from 2027.

- Invested in machinery, test equipment and power infrastructure to enhance manufacturing efficiency.

Systems business unit

- Significant investment in FY24 with performance in line with the Board's expectations and Phillips Aerospace now fully integrated into the non-US Systems business.
- Early signs of success, driven by a significant \$3.7m design win contract with a leading defence platform provider in Asia, a new market for the Systems business unit.
- Strategic investments in key hires to accelerate growth, including a new Vice President of Systems in LA, and doubling the size of the team in the region.

Post-Period End

- Received a significant £3.4m order for the Company's VME-based 6U computer boards from a long-standing European customer, underscoring the Group's support for the VME standard.
- Launched Kratos, one of the first and most powerful rugged plug-in card's available today, built on Intel's latest 6516P-B processor which the Company had access to six months early.
- Commenced trading on the OTCQX® Best Market in the US, in addition to AIM, to better engage with US investors, data distributors and media partners.
- 20-year lease for a new property for Concurrent's Colchester based headquarters and manufacturing capability agree, with planned capacity expansion in US in FY25 to meet the growing demand for the Group's products.

Outlook

- There is growing momentum across the Products and Systems business units, and the Company expects this trend to continue in the coming years.
- The Group aims to navigate the rapidly evolving tariff arrangements being implemented by the US administration with efficiency and pricing measures, as well as monitoring any impact of longer-term tariffs on the Company's programmes and markets.
- Board expects trading for the full year to be in line with market expectations.

Miles Adcock, CEO of Concurrent Technologies, commented: *"FY24 has been another transformative year for Concurrent in which we delivered a robust financial performance, demonstrating the success of our refreshed strategy. Our focus on delivering industry-leading solutions at pace and investing in both our Products and Systems business units, position us well for long-term growth."*

"2025 has started strongly in terms of both output and winning. Notwithstanding the significant uncertainty created by new tariffs, we currently expect to deliver results for FY25 in line with market expectations."

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About Concurrent Technologies Plc

Concurrent Technologies Plc develops and manufactures high-end embedded plug-in cards and systems for use in a wide range of high-performance, long-life cycle applications within the telecommunications, defence, security, telemetry, scientific and aerospace markets, including applications within extremely harsh environments. The processor products feature Intel® processors, including the latest generation embedded Intel® Core™ processors, Intel® Xeon® and Intel Atom™ processors. The products are designed to be compliant with industry specifications and support many of today's leading embedded operating systems. The products are sold world-wide.

Chair statement

FY24 marked another record year for Concurrent, with exceptional revenue and profit performance, and a strong order book and cash position. This success is driven by our refreshed strategy which focuses on accelerating the time to market of our products. Significant efforts have been made across the Group, including investments in R&D, strengthening Company culture, and optimising the team structures to support our strategy and to position the Company to capitalise on the exciting prospects in FY25 and beyond.

The year in review

The Group reported record revenue and profitability for the year of £40.3m and £5.2m respectively, evidencing the transformation of the business and successful growth strategy implementation. The increase in profit reflects the initial delivery of operational gearing as the business scales. This performance is achieved despite considerable investment in the Systems business in LA which was acquired in FY23 and was loss making in FY24, in line with expectations.

The Group secured 10 major design wins in FY24, including our largest contract to date. Alongside this, Concurrent launched several new products demonstrating the increasing appetite for our solutions against the larger players in the industry. We also secured our first major Systems design win in the year, highlighting that the investment being made into the Systems business – including the integration of Phillips Aerospace – is proving successful.

This progress, alongside the strength of our statement of financial position, puts us in an opportune position for continued growth.

Execution against strategy

We are committed to providing cutting-edge, reliable technology to our customers at an unparalleled pace and, through our Systems and Products units, we have continued to deliver in FY24.

The 10 major design wins secured through the Products unit will ramp up in the coming years in line with our customers' programmes, but they provide long-term, multi-year revenue visibility, which supports the investment plans in our R&D roadmap.

The Systems unit, which is still in its early stages, is making solid progress and we are confident this unit will grow going forward. With the integration of Phillips Aerospace, we secured several key contracts and are seeing positive momentum in both the US and international markets.

While organic growth remains a priority, as we look to significantly expand Concurrent's UK product manufacturing capacity with a new facility to accommodate growth opportunities, we also see opportunities for bolt-on acquisitions to enhance our Systems capability, as demonstrated so far by the successful acquisition of Phillips Aerospace.

Board and people

We were delighted to welcome Issy Urquhart to the Board as an Independent Non-Executive Director in February 2024. Issy brings over 30 years' experience working with global technology and financial services businesses, where she's been responsible for implementing successful people programmes. She is already proving to be an

invaluable guide to Concurrent as we deliver on our growth strategy and create the right environment for our people to succeed.

In FY24, our CEO, Miles Adcock, played a pivotal role in defining and embedding a new target culture across the organisation, centred on four key pillars: get things done, no spectators, ambition, and buzzing.

This culture emphasises a proactive and results-oriented approach, encouraging all employees to actively contribute to the Company's success by sharing ideas, adding value, and embracing ambition. It underscores a commitment to achieving excellence while fostering a positive, inclusive, and dynamic workplace environment. As the organisation continues to expand, this cultural transformation will ensure alignment and cohesion among both new hires and long-standing team members.

I would also like to take this opportunity to thank the whole team for their hard work and commitment in what has been another notable year for the Company.

Dividend

A 1.1p dividend has been proposed for shareholder approval at the annual general meeting (AGM) which, if passed, will amount to c. £942,000 paid in early July 2025. This reflects a 10% increase on last year and recognises the improved performance, whilst retaining funds for future growth. The Board anticipates this balance will continue, with an appropriate level of cover maintained to enable investment for future growth.

Outlook

We remain focused on launching leading-edge products and accelerating the ramping up of design wins across both the Boards and Systems units for new and existing customers, converting into significant long-term revenue streams for Concurrent. The performance in FY24 supports this strategy and we are already seeing positive momentum in the new financial year, providing confidence in the positive performance in FY25 and beyond.

Mark Cubitt
Chairman

CEO statement

Overview

I am very pleased to be reporting on another year of strong growth for Concurrent, in which we delivered on our commitments – executed as planned – and we continue to position the Group to become a much larger business over time.

Financial performance

We delivered a record financial performance across all key metrics in FY24, with revenue of £40.3m, up 27% (FY23: £31.7m), largely driven by our renewed focus on developing sector-leading products, combined with an energised sales team across our home markets that have been instrumental in driving new customers as well as winning new programmes with existing customers. I'm proud that we have delivered record results across the board whilst maintaining strong investments in the areas that we have declared will drive ongoing growth.

Strategy

The Group now operates across two units – Products and Systems – to align with our growth strategy and ambition of being the first to market with the latest technology. We have made good progress throughout the year in ensuring these divisions are set up for growth, incorporating the acquired Phillips Aerospace into Systems and adjusting our leadership teams to reflect this progress and focus. Whilst we are excited by the opportunity to significantly scale Concurrent organically over the next few years, we believe there is also a range of opportunities to expand our capability, customer list and market penetration through acquisition. The

acquisition of Phillips Aerospace has been successful and is a good example of how we have delivered on our acquisition strategy to expand the Systems division. Alongside this, the company is now also exploring adjacent and complementary businesses that have the potential to open new opportunities in new markets.

Products

Our long-standing Products business designs and manufactures computer boards, and this is where we have substantial expertise and a reputation for quality and collaboration. Much of our business in boards is secured via 'design wins' where customers integrate our products into their programmes, leading to purchase orders in future years as production volumes ramp up, usually two to three years later. This is the most important leading indicator of future growth as a 'major design win' and is one with the potential to achieve peak volumes of >£1m per annum for several consecutive years. Out of 22 design wins, we secured 10 major design wins in FY24, representing a lifetime value to the business of at least £100m. Notably, we secured our largest-ever contract of \$6m with a major US defence and aerospace prime contractor, highlighting the potential for future upscaling. This contract was for an initial \$4.46m in H1 FY24, with an additional uplift of \$1.52m in August, reflecting the customer's trust in the reliability of our products and the strength of the relationship.

Doubling the capacity of our facility in Colchester in FY24 has been crucial to supporting the increasing number of design wins and post year end, we signed a 20-year lease for a new property for our Colchester headquarters and manufacturing capability. This new facility will further the Company's ability to service the ongoing growth of the business. We have also invested in our machinery, test equipment and power infrastructure which will further enhance our manufacturing efficiency.

Systems

Our Systems business unit, which is still in its early stages of development, performed as we expected, in line with our strategic plan, and we remain confident that this unit will grow in 2025. Phillips Aerospace is now successfully integrated with our non-US Systems business and we are already seeing excellent progress, driven by a significant \$3.7 million order win for Systems in Asia and three new contracts in the US. The successful expansion into this new market is a clear indicator of the growing momentum in our Systems business unit, and we expect this trend to continue in the coming years.

The Systems business is strategically benefitting from careful investment in key hires. We welcomed Michael Harden to the Group, who joined our Executive Committee in FY24 as Vice President of the Systems business in LA, and we have now doubled the number of colleagues operating from LA.

With an FY24 closing backlog of c. \$5m, the Systems business is well positioned for growth in FY25, and we are mobilising a strong team accordingly, with a pending move into a new state-of-the-art facility.

Markets

The defence sector remains a key driver of our overall growth, now accounting for 87% of our board revenue. As global military services work to improve their operational capabilities, the increased focus on defence electronics to upgrade existing platforms is fuelling demand for our products. As mentioned, we are also seeing growth in international geographies, particularly in the USA, where our systems solutions are gaining traction. The Sensor Open Standards Architecture (SOSA) initiative in the US is creating new opportunities for suppliers like us to displace established competitors and we are capitalising on this shift with our innovative products and services. Rising defence budgets worldwide are further driving growth, all of which will translate into longer-term in-field deployments, resulting in step-changes in revenue for Concurrent. Industrial and scientific (7%) and communications and other (6%) are our additional important domains.

R&D

Progressive R&D for new product development remains the priority for organic growth. With continued focus on innovation with launches including Rhea, Magni, TR MDx/6sd-RCR, and Hermod II in FY25, we are developing real momentum with customers – a trend set to continue during 2025.

Rhea, part of our expanded VME range, taps into an estimated \$300m market. A £3.4m order from a long-standing European customer reinforces our commitment to the VME standard and supporting customers with reliable, backward-compatible solutions. We also launched Magni, a high-performance SOSA-aligned PIC, and TR MDx/6sd-RCR to meet growing demand for compute-intensive solutions.

Hermod II, a rugged 10 Gigabit Ethernet switch designed for harsh environments in defence and heavy industrial sectors, adds to our product offerings at the board level, enabling Concurrent to occupy more of a system with our own technology. It highlights the ambitious product roadmap within the Systems business, aiming to both upgrade existing systems and create solutions for next-generation deployments.

Partnerships

As part of our strategy to develop a broader range of products and services, securing and maintaining partnerships is critical for expanding the size and markets available to us.

In FY24, we established several strategic partnerships to strengthen our position in the defence sector. A key collaboration with Parry Labs – a rapidly growing US defence contractor – enabled us to provide SOSA-aligned hardware, allowing Parry Labs to deliver integrated hardware and software solutions. Another partnership with a fast-growing US defence prime contractor secured them as a key customer for our boards and systems while also supplying a critical switch for our systems. Additionally, our partnership with Eizo Rugged incorporated their graphics card products into our comprehensive systems solutions for customers.

People and ESG

The progress we are making at Concurrent is only possible with a relentless focus on talent and culture. In recent years, we have assembled a Board and Executive Committee with experience in transforming businesses and growing sales globally, and our success in FY24 is due to the efforts of this team. This hard work led to the creation of a new brand launched in the year to better reflect the Group's vision and future ambitions.

To continue with our significant transformation to deliver more products faster to market, we are focused on operational excellence and refined governance. With our people at the centre, we have invested our time and energy in making sure that we maintain an inclusive and engaged workforce providing an attractive reward and benefits offering and a developmental place to work. A continuing key focus area for the Group is delivering quality and safe products to our customers and ensuring this quality through the management of our supply chain. It is also critical that we maintain robust governance across the organisation, building resilience through our extensive control frameworks. As detailed in the ESG Report in our Annual Report, during FY24 we have continued to invest in all these priority areas, as well as continuing to take steps to minimise our operational impact on the environment and building stronger community ties through several charitable efforts across the business. We have also reported our UK operational carbon footprint for the first time this year, in line with the Streamlined Energy and Carbon Reporting regulations.

Summary and outlook

Concurrent is evolving in a way that builds a foundation for long-term growth and expanded market reach. We have delivered both financially and operationally in FY25 as we continue to bring products to market faster for our customers.

I consider that £100m per annum revenue is a meaningful future milestone for this business and given the progress we continue to make, the Board is fully confident in our ability to achieve this. Trading in FY25 has started well, with a focus on continuing to deliver as planned. Looking further ahead, we anticipate continued growth in revenues and profit from 2026, driven by the full impact of our major design wins and increased capacity across our operations.

Miles Adcock

Chief Executive Officer

CFO statement

Financial KPIs

| | 2023 (restated) | 2024 |
|------------------------------|-----------------|--------|
| Revenue | £31.7m | £40.3m |
| % change vs previous year | 73% | 27% |
| Gross profit | £15.6m | £20m |
| % Gross margin | 49.4% | 49.5% |
| Profit before tax | £3.7m | £5.2m |
| % change vs previous year | 658% | 40% |
| Earnings per share | 4.06p | 5.49p |
| Dividend per share | 1p | 1.1p |
| EBITDA | £6.0m | £7.8m |
| % change | 185% | 30% |
| Closing cash | £11.1m | £13.7m |
| % change vs previous year | 146% | 23% |
| Investment in R&D | £3.8m | £3.0m |
| Total assets | £46.7m | £50.8m |
| Shareholders' funds | £34.3m | £38.9m |

Revenue

An excellent year with revenues growing by 27% to £40.3m (FY23: £31.7m). The Company generates sales through products and associated services, customer-funded projects (mainly modification programmes), and the sales of Systems and their development. Products sales remain the major revenue contributor at £37m, plus Systems revenue of £2.1m and project revenue of £1.2m.

Geographical split of revenue

| Revenue | Year to 31 December 2024 £ | Year to 31 December 2023 £ |
|-------------------|-------------------------------------|-------------------------------------|
| United States | 18,333,933 | 13,060,691 |
| Malaysia | 1,782,697 | 392,850 |
| Germany | 3,614,506 | 6,450,372 |
| United Kingdom | 2,929,047 | 2,148,568 |
| Other Europe | 8,146,423 | 4,178,401 |
| Rest of the World | 5,517,477 | 5,425,434 |
| | <u>40,324,083</u> | <u>31,656,316</u> |

The geographical split remains worldwide and is driven by customer requirements (not always the same every year due to the nature of our products). The US remains dominant for revenue growing from 41% to 45% of revenue in FY24 (FY23: £13.1m; FY24 to £18.3m). Europe has increased by c. 10%/£1m, with continued growth in Asia c. 80%/£3m, with a small decrease in ROW.

The largest customer in FY24 was in the US at £6m, followed by Italy and India. With the direction of working with major primes and increasing our customer base, our top 10 customers equate to c. 54% of our revenue (FY23: 52%)

% revenue by top customers

| Customer | % of total revenue |
|----------|--------------------|
| 1 | 15% |
| 2 | 9% |
| 3 | 5% |
| 4 | 5% |
| 5 | 4% |
| 6 | 4% |
| 7 | 3% |
| 8 | 3% |
| 9 | 3% |
| 10 | 3% |

Revenue by market

| | | |
|-----------------------------------|-------------|-----|
| Defence | £35,016,539 | 87% |
| Industrial and scientific | £3,033,160 | 7% |
| Medical, communications and other | £2,274,384 | 6% |
| | £40,324,083 | |

Gross profit

Gross profit grew by c. 28% to £20m (FY23: £15.6m), with gross profit margin remaining strong at 49.5% (FY23: 49.4%) The gross margin on products increased marginally in the year. This improvement was largely offset, as expected, by a lower margin mix in our systems and projects businesses which included customer programmes, varying third party content and increased direct manpower costs.

Profit

Profit before tax increased by c. 40% to £5.2m (FY23: £3.7m), after a significant investment in the Systems business of £1.1m, as planned. Product profit margins remain strong at c. 50%, reflecting strong efficiency and effectiveness as a result of investment in people, tools and processes over the last few years. Record revenue for a second year and corresponding increased gross profit have resulted in increased profitability. EBITDA (measured as operating profit adjusted for depreciation and amortisation) increased by 30% to £7.8m (FY23: £6m). Amortisation of our product development was up by 28% to £1.9m, reflecting the new product portfolio continuing to be released into the costs of the business, across the year. Capitalisation of product development is lower in FY24 at £3m (FY23: £3.8m) due to increased customer-funded design and engineering, and the level of internal development.

Earnings per share (EPS) was 5.12p (FY23: 4.06p). This reflects the increased number of shares, in full, following the equity raise in August FY23.

Cost base

The Group continues to balance an efficient and effective cost base, with a strong growth strategy. FY24 represented a first full year of the full investment costs (predominantly people) in the Products business and functions supporting it. In the year, the Group also significantly invested in the Systems business, mainly with additional people to support growth to be ready to efficiently deliver new business as won.

The Group continues to pursue the strategy, investing in R&D, developing new products and securing talented people to deliver and drive the business.

Operating expenses

| FY24 | FY23 | |
|------|------|----------|
| £m | £m | Variance |

| | | | |
|----------------------------|------|------|------|
| Total operating expenses | 14.8 | 12.2 | 2.6 |
| Salaries, NI & pension | 11.0 | 9.0 | 2.0 |
| Bonus & commissions | 1.8 | 1.9 | -0.1 |
| Total salary related costs | 12.8 | 10.9 | 1.9 |
| Other costs | 3.4 | 3.4 | 0 |
| Capitalisation | +3.0 | +3.8 | -0.8 |
| Amortisation | 1.9 | 1.4 | -0.5 |
| FX | +0.3 | 0.3 | +0.6 |
| Total | 14.8 | 12.2 | 2.6 |
| Operating cost of Systems | 1.3 | 0.3 | 1.0 |

As per the table above, a major part of the cost increase has been the investment in people, with salaries increasing by £2m, with an additional £1m accounted for in Systems (full year v partial year of c. 4 months).

Bonus and commissions were slightly down, with increased participants, offset by a £300k one-off charge last year for the change in commission scheme.

Amortisation increased significantly due to our newer products being completed. All other costs are relatively flat, with a favourable swing in foreign exchange rates, important dominated by the USD.

Tax

The Group has undertaken a full tax review and computation, in accordance with UK tax regulations. In FY24 we have a tax charge of £0.5m, due to reduced R&D activity (some of this was diverted to customer-funded projects) and increased profits. Tax planning is an part of our financial efficiency, especially as we grow and the tax regime changes for R&D investment. We will continue to review and maximise our position as we go forward.

Cash flow

The business has a healthy cash balance of £13.7m (FY23 £11.1m), with £7.9m generated from normal operations (a strong increase from FY23 at £5.6m). Revenue was strong in Q4, resulting in high trade receivables at the end of FY24 of £6.2m. The business continued to be cash generative in FY24, despite a significant investment in Systems and a one-off end-of-life purchase on components which although delivered in FY23, was paid for in FY24.

Statement of financial position

Inventory at the close of FY24 was £11m (FY23: £12m). Following investment in inventory during the component crisis of FY22 (and part way through FY23) inventory levels began to normalise through FY24, reflecting increased manufacturing levels and the acceleration of customer deliveries in the year. Going forward we expect inventory levels to continue to normalise but against a larger Group structure. The lead times and availability of components is now back to pre-crisis levels, but we are seeing several examples of reductions in component variations (SKUs), which is leading to some end-of-life products being purchased. This is on a reasonable and manageable level and we will continue to manage it tightly to ensure we maximise efficiency. The business reviews inventory regularly and provides for obsolescence and slow-moving inventory accordingly, which totalled £0.9m in FY24 (FY23 £1.26m).

Inventory continues to be a key factor in enabling the business to deliver most efficiently and effectively, with careful management contributing to the reduction in lead times in getting products to customers.

Trade payables at £5.1m (FY23: £5.7m) are at a slightly lower level to FY23. However, FY24 closing does not now include a large one-off payment for an end-of-life component purchase, which was cleared in April FY24, value

c. £3.5m. The lower payables reflect a more effective supply chain and better delivery availability (more efficient in ordering in a timely manner).

Kim Garrod
Chief Financial Officer

Consolidated statement of comprehensive income

| | <i>Note</i> | Year to 31 December 2024 £ | Year to 31 December 2023 (as restated) £ |
|--|-------------|-------------------------------------|---|
| CONTINUING OPERATIONS | | | |
| Revenue | 3 | 40,324,083 | 31,656,316 |
| Cost of sales | | (20,348,752) | (16,018,368) |
| Gross profit | | 19,975,331 | 15,637,948 |
| Administrative expenses | | (14,782,064) | (11,951,314) |
| Group operating profit | 4 | 5,193,267 | 3,686,634 |
| Finance costs | | (93,284) | (86,010) |
| Finance income | 5 | 79,294 | 68,145 |
| Exceptional items | 28 | - | (195,881) |
| Profit before tax | | 5,179,277 | 3,472,888 |
| Tax (charge)/credit | 6 | (476,839) | (312,752) |
| Profit for the year | | 4,702,438 | 3,160,136 |
| Other comprehensive income | | | |
| Exchange gains/(losses) on translating foreign operations | | (53,556) | (101,340) |
| Other comprehensive income for the year, net of tax | | (53,556) | (101,340) |
| Total comprehensive income for the year | | 4,648,882 | 3,058,796 |
| Profit for the period attributable to: | | | |
| Equity holders of the parent | | 4,702,438 | 3,160,136 |
| Total comprehensive income attributable to: | | | |
| Equity holders of the parent | | 4,648,882 | 3,058,796 |
| Earnings per share | | | |
| Basic earnings per share | 8 | 5.49p | 4.06p |
| Diluted earnings per share | 8 | 5.18p | 3.95p |

All operations were continuing within the year.

Consolidated statement of financial position

31 December 31 December

| | | 2024 | 2023 (as restated) |
|--|----|-------------|---------------------------|
| | | £ | £ |
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 11 | 2,686,772 | 2,465,883 |
| Intangible assets | 12 | 15,392,208 | 13,914,397 |
| | | <hr/> | <hr/> |
| | | 18,078,980 | 16,380,280 |
| Current assets | | | |
| Inventories | 15 | 10,875,616 | 11,958,500 |
| Trade and other receivables | 16 | 8,104,112 | 6,442,827 |
| Current tax assets | 6 | 14,957 | 779,621 |
| Cash and cash equivalents | | 13,706,703 | 11,118,728 |
| | | <hr/> | <hr/> |
| | | 32,701,389 | 30,299,676 |
| Total assets | | <hr/> | <hr/> |
| | | 50,780,369 | 46,679,956 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Deferred tax liabilities | 13 | 2,123,264 | 1,661,453 |
| Trade and other payables | 17 | 446,477 | 695,273 |
| Long-term provisions | 19 | 326,596 | 315,135 |
| | | <hr/> | <hr/> |
| | | 2,896,337 | 2,671,861 |
| Current liabilities | | | |
| Trade and other payables | 17 | 8,940,768 | 9,666,412 |
| Short-term provisions | 19 | 18,256 | 18,256 |
| | | <hr/> | <hr/> |
| | | 8,959,024 | 9,684,668 |
| Total liabilities | | <hr/> | <hr/> |
| | | 11,855,361 | 12,356,529 |
| Net assets | | <hr/> | <hr/> |
| | | 38,925,008 | 34,323,428 |
| EQUITY | | | |
| Capital and reserves | | | |
| Share capital | 21 | 861,692 | 861,692 |
| Share premium account | | 9,950,231 | 9,950,231 |
| Merger reserve | | 1,283,457 | 1,283,457 |
| | | <hr/> | <hr/> |
| | | 256,976 | 256,976 |
| Capital redemption reserve | | <hr/> | <hr/> |
| Cumulative translation reserve | | (182,832) | (129,276) |
| Profit and loss account | | 26,755,483 | 22,100,348 |
| Equity attributable to equity holders of the parent | | <hr/> | <hr/> |
| | | 38,925,008 | 34,323,428 |
| Total equity | | <hr/> | <hr/> |
| | | 38,925,008 | 34,323,428 |

Company statement of financial position

| | | 31 December 2024 | 31 December 2023 (as restated) |
|--|----|---------------------|-----------------------------------|
| | | £ | £ |
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 11 | 2,468,789 | 2,374,209 |
| Intangible assets | 12 | 12,788,842 | 11,217,904 |
| Investments | 14 | 1,947,312 | 1,572,640 |
| Trade and other receivables | 16 | 3,301,753 | - |
| | | <u>20,506,697</u> | <u>15,164,753</u> |
| Current assets | | | |
| Inventories | 15 | 10,094,952 | 11,754,564 |
| Trade and other receivables | 16 | 8,980,097 | 8,534,995 |
| Current tax assets | | - | 721,921 |
| Cash and cash equivalents | | 10,692,223 | 9,111,243 |
| | | <u>29,767,272</u> | <u>30,122,723</u> |
| Total assets | | <u>50,273,969</u> | <u>45,287,476</u> |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Deferred tax liabilities | 13 | 1,890,207 | 1,402,181 |
| Trade and other payables | 17 | 428,913 | 677,607 |
| Long-term provisions | 19 | 326,596 | 315,135 |
| | | <u>2,645,716</u> | <u>2,394,923</u> |
| Current liabilities | | | |
| Trade and other payables | 17 | 7,011,848 | 8,890,046 |
| Current tax liabilities | | 32,368 | - |
| Short-term provisions | 19 | 18,256 | 18,256 |
| | | <u>7,062,472</u> | <u>8,908,302</u> |
| Total liabilities | | <u>9,708,188</u> | <u>11,303,225</u> |
| Net assets | | <u>40,565,781</u> | <u>33,984,251</u> |
| EQUITY | | | |
| Capital and reserves | | | |
| Share capital | 21 | 861,692 | 861,692 |
| Share premium account | | 9,950,231 | 9,950,231 |
| Merger reserve | | 1,283,457 | 1,283,457 |
| Capital redemption reserve | | 256,976 | 256,976 |
| Profit and loss account | | 28,213,425 | 21,631,895 |
| Equity attributable to equity holders of the parent | | <u>40,565,781</u> | <u>33,984,251</u> |

| | | |
|---------------------|------------|------------|
| Total equity | 40,565,781 | 33,984,251 |
|---------------------|------------|------------|

Consolidated cash flow statement

| | Year to 31 December 2024 £ | Year to 31 December 2023 (as restated) £ |
|--|-------------------------------------|---|
| Cash flows from operating activities | | |
| Profit before tax for the period | 5,179,277 | 3,472,888 |
| Adjustments for: | | |
| Finance income | (79,294) | (68,145) |
| Finance costs | 93,284 | 86,010 |
| Depreciation | 673,058 | 806,236 |
| Amortisation | 1,936,561 | 1,509,167 |
| Impairment loss | 4,088 | 31,557 |
| Share-based payment | 744,755 | 430,854 |
| Exchange differences | 25,547 | (145,706) |
| Decrease/(increase) in inventories | 1,082,884 | (1,868,063) |
| (Increase)/decrease in trade and other receivables | (1,661,285) | (1,029,033) |
| (Decrease)/increase in trade and other payables | (749,800) | 2,853,322 |
| Cash generated from operations | 7,251,074 | 6,079,087 |
| Tax received/(paid) | 641,594 | (444,210) |
| Net cash generated from operating activities | 7,892,668 | 5,634,877 |
| Cash flows from investing activities | | |
| Finance income | 79,294 | 68,145 |
| Purchases of property, plant and equipment (PPE) | (877,072) | (495,973) |
| Payment of acquisition of subsidiary net of cash acquired | - | (685,767) |
| Capitalisation of development costs and purchases of intangible assets | (3,382,525) | (3,977,839) |
| Net cash used in investing activities | (4,180,302) | (5,091,434) |
| Cash flows from financing activities | | |
| Equity dividends paid | (856,377) | - |
| Repayment of leasing liabilities | (233,230) | (215,209) |
| Interest paid | (93,284) | (86,010) |
| Issue of ordinary shares | - | 6,355,741 |
| Sale/(purchase) of treasury shares | 58,500 | - |
| Net cash used in financing activities | (1,124,391) | 6,054,522 |
| Effects of exchange rate changes on cash and cash equivalents | - | 8,043 |

| | | |
|--|------------|------------|
| Net increase/(decrease) in cash | 2,587,975 | 6,606,008 |
| Cash at beginning of period | 11,118,728 | 4,512,720 |
| Cash at the end of the period | 13,706,703 | 11,118,728 |

Consolidated statement of changes in equity

| | Share capital | Share premium | Merger reserve | Capital redemption reserve | Cumulative translation reserve | Profit and loss account | Total equity |
|--|------------------|------------------|-------------------|----------------------------------|--------------------------------------|-------------------------------|-----------------|
| | £ | £ | £ | £ | £ | £ | £ |
| Balance at 1 January 2023 | 739,000 | 3,699,105 | - | 256,976 | (27,936) | 18,509,357 | 23,176,502 |
| Profit for the period | - | - | - | - | - | 3,160,136 | 3,160,136 |
| Exchange differences on translating foreign operations | - | - | - | - | (101,340) | - | (101,340) |
| Total comprehensive income for the period (restated) | - | - | - | - | (101,340) | 3,160,136 | 3,058,796 |
| Share-based payment | - | - | - | - | - | 430,854 | 430,854 |
| Merger reserve | 18,077 | - | 1,283,457 | - | - | - | 1,301,534 |
| Issue of ordinary shares | 104,615 | 6,251,126 | - | - | - | - | 6,355,741 |
| Balance at 31 December 2023 (as restated) | 861,692 | 9,950,231 | 1,283,457 | 256,976 | (129,276) | 22,100,347 | 34,323,427 |
| Balance at 31 December 2023 (reported) | 861,692 | 9,950,231 | 1,283,457 | 256,976 | (129,276) | 22,813,347 | 35,036,427 |
| Prior year adjustment (note 2) | - | - | - | - | - | (713,000) | (713,000) |
| Balance at 31 December 2023 (as restated) | 861,692 | 9,950,231 | 1,283,457 | 256,976 | (129,276) | 22,100,347 | 34,323,427 |
| Profit for the period | - | - | - | - | - | 4,702,438 | 4,702,438 |
| Exchange differences on | - | - | - | - | (53,556) | - | (53,556) |

| | | | | | | | |
|--|----------------|------------------|------------------|----------------|------------------|-------------------|-------------------|
| translating foreign operations | | | | | | | |
| Total | - | - | - | (53,556) | 4,702,438 | 4,648,882 | |
| comprehensive income for the period (restated) | | | | | | | |
| Share-based payment | - | - | - | - | 744,755 | 744,755 | |
| Deferred tax on share-based payment | - | - | - | - | 5,820 | 5,820 | |
| Dividends paid | | | | | (856,377) | (856,377) | |
| Sale/purchase of treasury shares | - | - | - | - | 58,500 | 58,500 | |
| Balance at 31 December 2024 | 861,692 | 9,950,231 | 1,283,457 | 256,976 | (182,832) | 26,755,483 | 38,925,008 |

Company statement of changes in equity

| | Share capital | Share premium | Merger reserve | Capital redemption reserve | Profit and loss account | Total Equity |
|--|----------------|------------------|------------------|----------------------------|-------------------------|-------------------|
| | £ | £ | £ | £ | £ | £ |
| Balance at 1 January 2023 | 739,000 | 3,699,105 | - | 256,976 | 18,022,596 | 22,717,677 |
| Total profit and comprehensive income for the period | - | - | - | - | 2,919,774 | 2,919,774 |
| Share-based payment | - | - | - | - | 430,854 | 430,854 |
| Dividends received | - | - | - | - | 258,670 | 258,670 |
| Merger reserve | 18,077 | - | 1,283,457 | - | - | 1,301,534 |
| Issue of ordinary shares | 104,615 | 6,251,126 | - | - | - | 6,355,741 |
| Balance at 31 December 2023 (as restated) | 861,692 | 9,950,231 | 1,283,457 | 256,976 | 21,631,894 | 33,984,250 |
| Balance at 31 December 2023 (reported) | 861,692 | 9,950,231 | 1,283,457 | 256,976 | 22,344,894 | 34,697,250 |

| | | | | | | |
|--|---------|-----------|-----------|---------|------------|------------|
| Prior year adjustment (note 2) | | | | | (713,000) | (713,000) |
| Balance at 31 December 2023 (as restated) | 861,692 | 9,950,231 | 1,283,457 | 256,976 | 21,631,894 | 33,984,250 |
| Profit for the period | | | | | 6,628,833 | 6,628,833 |
| Share-based payment | - | - | - | - | 744,755 | 744,755 |
| Deferred tax on share-based payment | - | - | - | - | 5,820 | 5,820 |
| Dividends paid | - | - | - | - | (856,377) | (856,377) |
| Sale/purchase of treasury shares | | | | - | 58,500 | 58,500 |
| Balance at 31 December 2024 | 861,692 | 9,950,231 | 1,283,457 | 256,976 | 28,213,425 | 40,565,781 |

Notes to the financial statement for the year ended 31 December 2024

Note 1 GENERAL INFORMATION

The principal activity of Concurrent Technologies plc ('the Company') and its subsidiaries (together 'the Group') is the design, development, manufacture and marketing of single board computers for system integrators and original equipment manufacturers.

Concurrent Technologies plc is the Group's ultimate Parent Company. It is incorporated and domiciled in the United Kingdom. Concurrent Technologies plc's shares are listed on the Alternative Investment Market of the London Stock Exchange.

The Group's financial statements are presented in pounds sterling (£), which is also the functional currency of the Parent Company. They have been approved for issue by the Board of Directors on 11 April 2025.

Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These financial statements are for the year ended 31 December 2024. They have been prepared in accordance with UK-Adopted International Accounting Standards and with the requirements of the Companies Act 2006. These financial statements have been prepared under the historical cost convention.

New and amended IFRS Accounting Standards that are effective for the current year

In the current year, the Group has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an

accounting period that begins on or after 1 January 2024. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

- IAS 1: Further amendment to the Classification of Liabilities as Current or Non-Current;
- IFRS 16: Lease Liability in a Sale and Leaseback;
- IAS 1: Non-current Liabilities with Covenants; and
- IAS 7 and IFRS 7: Supplier Finance Arrangements

New and revised IFRS accounting standards in issue but not yet effective

Certain standards, amendments to, and interpretations of, published standards have been published that are mandatory for the Group's accounting years beginning on or after 1 January 2025 or later years and which the Group has decided not to adopt early:

- IAS 21: Lack of Exchangeability.

None of the above listed changes are anticipated to have a material impact on the Group's financial statements.

Changes in significant accounting policies

There have been no changes in the year to significant accounting policies in the period.

The policies set out below have been consistently applied to all the years presented, except where stated.

Basis of presentation and disclosure exemptions

The consolidated financial statements are presented in accordance with IAS 1 Presentation of Financial Statements. The Group has elected to present the 'Income Statement' and 'Statement of Other Comprehensive Income' in one statement.

The company financial statements are separate financial statements prepared in accordance with FRS 101. The company is a qualifying entity as defined in FRS 101 and has applied the disclosure exemptions available under FRS 101 in the preparation of these financial statements.

As permitted by FRS 101, the company has taken advantage of the following disclosure exemptions:

- A cash flow statement and related notes (IAS 7)
- Comparative information in respect of certain disclosures (IAS 1)
- Disclosure requirements of IFRS 7 (Financial Instruments: Disclosures)
- Disclosure requirements of IFRS 13 (Fair Value Measurement)
- Related party disclosures (IAS 24), where transactions are with wholly-owned subsidiaries

Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Going concern

The Directors have reviewed the approved budget and projections sensitised for different scenarios through to December 2026, considering general and specific market conditions, status of suppliers, liquidity and funding requirements and the needs of subsidiary companies.

The Directors have assessed the viability of the Group using extreme assumptions to reverse stress test the cash forecast. Assumptions include extreme reduction in sales, decrease in gross margin, and reduced reduction in inventory levels (as anticipated in 2025). Additionally, within these scenarios we have excluded any potential beneficial impacts such as tighter management of working capital and cost reduction measures. These have been excluded to retain headroom in the

forecast and to provide a worst expected case scenario. The forecast is that significant cash balances remain within the Group and there is no borrowing requirement leaving the Directors confident that the Group will be able to meet its obligations and as such, there is no material uncertainty over the going concern assumption.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary undertakings. A subsidiary is a company controlled directly by the Group. Control is achieved where the Group has the power over the investee, rights to variable returns and the ability to use the power to affect the investee's returns.

The acquisition method views a business combination from the perspective of the combining entity that is identified as the acquirer. The acquirer recognises the assets acquired and liabilities and contingent liabilities assumed, including those not previously recognised by the acquiree, where recognition criteria are met. Measurement of these items is generally at fair value at acquisition date. The measurement of the acquirer's assets and liabilities is not affected by the transaction, nor are any additional assets or liabilities of the acquirer recognised as a result of the transaction, because they are not the subjects of the transaction. All subsidiaries are 100% wholly owned and are fully controlled by the Group. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

Revenue recognition

Revenue is recognised by the Group using the five-step process outlined in IFRS 15:

- Identifying a contract with a customer
- Identifying the performance obligations
- Determining the transaction price
- Allocating the transaction price to the performance obligations
- Recognising revenue when the performance obligations are satisfied

The Group's principal source of revenue is from the sale of single board computers and associated products (which could include software products which are required by the customer to be added to the boards sold, for example security software). Revenue from the sale of products, including any added software (this is so interlinked with the single board computer (SBC) that they are considered one performance obligation under IFRS 15), is recognised when the Group satisfies its performance obligations by transferring the promised goods to its customers. Control is considered to transfer, at the point in time, when the customer takes undisputed responsibility for the goods. This depends on the terms and conditions of sale with the customer. There are three main terms for delivery: 1) On delivery terms being the Group is responsible for the goods until delivered at the stated delivery address under the contract. 2) Free on Board contract terms means the goods remain the Group's responsibility until they are placed on board the vehicle for shipping, with export duty being the Group's responsibility as well. The customer is responsible after this point. 3) Ex-works contract terms, where the customer is responsible from the point the goods leave the factory or appropriate site, often, under control of the customer's defined shipping arrangement.

The Group provides a basic warranty on its products but does offer customers the opportunity to purchase an extended warranty of one, two or three years for their boards. As the customer has the option of purchasing the additional warranty separately, this is accounted for as a separate performance obligation under IFRS15 where the Group will repair or replace faulty boards at no additional charge to the customer. Contract liabilities on these extended warranties is recognised and released to income over the warranty period until the performance obligation is satisfied. During the 12 months to 31 December 2024, £5,087 was released to Profit and Loss.

Revenue recognised for Systems contracts, under IFRS 15, was £2,132,044 for 2024 accounts. Systems revenue will continue into 2025 and beyond as we are now a Systems company as well. Revenue will normally be recognised over time, in accordance with IFRS 15, using the input method based on the percentage of completion (using costs versus budgeted/forecasts of costs at

completion), and will be dependent on the conditions of each specific contract (in line with the five-step process above).

Revenue recognition (continued)

For our single board business, invoices are raised on despatch, with payment terms being usually 30 days from date of invoice. For the Systems business, payment terms will be based on negotiations and could include pro-forma and 30-day payment terms but will be subject to negotiated positions.

Cost of sales

Cost of sales consists of external purchases and inventory used on delivering specific contracts, plus the direct manpower (predominantly manufacturing) related to the fulfilment of the specific contracts and direct ancillary costs such as shipping.

Administrative expenses

This includes all non-direct costs (e.g. general overheads such as rent, rates, sales and indirect functions). This also includes non-direct engineering expenses.

Foreign currencies

The functional and presentational currency of the Company is pounds sterling (GBP). Transactions in currencies other than the functional currency of the individual entities within the Group are recorded at the rates of exchange prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at year end exchange rates are recognised in profit or loss.

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than GBP are translated into pounds sterling upon consolidation. The functional currencies of the entities in the Group have remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into GBP at the closing rate at the reporting date. Foreign Exchange differences arising for intercompany transactions are charged within profit and loss. Income and expenses have been translated into GBP at the rates of exchange prevailing on the dates of the transactions over the reporting period. In line with IAS 21, an average rate is used for the period unless exchange rates fluctuate significantly and then the weighted average rate is used. Exchange differences are charged/credited to other comprehensive income and recognised in the cumulative translation reserve in equity. On disposal of a foreign operation the cumulative translation differences recognised in equity are reclassified to profit or loss and recognised as part of the gain or loss on disposal. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated into GBP at the closing rate.

Inventories

Inventories are stated at the lower of cost and net realisable value on a first-in first-out basis. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Net realisable value represents the estimated selling price after allowing for the costs of realisation and, where appropriate, the cost of conversion from their existing state into a finished condition. Provision is made where necessary for obsolete, slow moving or defective inventories.

Leases

A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group; the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and the Group has the right to direct the use of the identified asset throughout the period of use.

At lease commencement the Group recognises a right of use asset and a lease liability on the statement of financial position. The right of use asset is measured at cost and initial direct costs incurred by the Group. The right of use asset is then depreciated on a straight-line basis over the

term of the lease or the estimated useful life of the asset if shorter. At commencement date the Group measures the lease liability at the present value of the future lease payments, discounted using the Group's incremental borrowing rate.

The Group has elected to account for short-term leases and leases of low value assets using the recognition exemptions and payments in relation to these are recognised as an expense in the appropriate period.

Right of use assets have been included in property, plant and equipment and the corresponding lease liability included in trade and other payables. Detailed lease liability information is included in Notes 17 and 20.

Property, plant and equipment Property, plant and equipment is stated at original historical cost, net of depreciation and any provision for impairment. Depreciation is charged to write off the cost of assets together with any cost directly attributable with bringing the asset into use, less estimated residual value, on a straight-line basis over their estimated useful lives in accordance with the table below:

| | |
|--|-------------------------------------|
| Plant and machinery | 5–15 years on a straight-line basis |
| Fixtures, fittings, and equipment | 3–7 years on a straight-line basis |
| Computer equipment | 3–5 years on a straight-line basis |
| Improvements to short leasehold property | 5–10 years on a straight-line basis |

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

The residual values and useful economic lives of property, plant and equipment are reviewed annually.

Intangible assets All intangible assets are stated at cost less accumulated amortisation and any accumulated impairment losses.

Goodwill

Goodwill arose upon the acquisition of Phillips Aerospace made on 6 September 2023, which was defined as a single cash generating unit (CGU). The assets acquired are not capable of individually generating revenue on their own, so they are deemed combined within the business as a whole to generate revenue, and therefore the business (Phillips Aerospace) is defined as a single CGU.

The goodwill is the amount attributable to the excess of consideration over the fair value of the net assets acquired, including expected synergies, future growth, critical accreditations, and technical knowledge of the employee, and is recorded in accordance with IFRS 3, 'Business Combinations'.

Goodwill is reviewed and tested annually for impairment.

Research costs

Research costs are charged directly to administrative expense in the statement of comprehensive income as incurred.

Development costs

Development costs are capitalised as intangible assets if the asset can be separately identified; it is in the control of the Group; future economic benefits will accrue to Group; it is technically feasible;

the Group has adequate resources to complete the development of the asset; and the costs can be reliably determined.

Capitalised development costs comprise all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management, including development-related overheads. Amortisation commences upon completion of the development or when the asset becomes available for commercial production. Capitalised development costs are amortised on a straight-line basis, over the estimated product life which is generally five to seven years. The asset will be reviewed annually for indicators of impairment and whenever indicators suggest that the carrying amount may not be recovered throughout the period in which it is being used, the asset will be subject to a full impairment review. All intangible assets, including those not yet available for use, will be reviewed for indicators of impairment.

All other development costs are recorded under administrative expense in the statement of comprehensive income in the period they are incurred. The following table shows products with a NBV of £500k or more:

| Product | NBV | Remaining Amortisation Period |
|----------------|------------|--------------------------------------|
| Board A | 2,509,122 | 84 months |
| Board B | 1,372,992 | 84 months |
| Board C | 1,079,818 | 84 months |
| Board D | 745,697 | 84 months |

Customer relationships

Customer relationships were acquired as part of the acquisition of Phillips Aerospace on 6 September 2023 and have applied an income approach valuation using the multi period excess earning method with a useful economic life of 10 years.

Other intangible assets

Intangible assets purchased separately, such as software licences that do not form an integral part of hardware, are capitalised at cost and amortised over their useful lives of three to seven years.

The carrying values of intangible assets with finite lives are reviewed for impairment when events or changes in circumstance indicate the carrying value may be impaired. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of impairment loss.

The recoverable amount of the asset will be used as for all other intangible assets (e.g. backlog and pipeline opportunities), except where the asset does not generate independent cashflows i.e. additional software packages sold as an add-on to a board.

Impairment of property, plant and equipment, and intangible assets

At each statement of financial position date, the Group reviews the carrying amounts of its tangible and intangible 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.

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 (using both backlog and weighted pipeline) are discounted (10.2% rate used) to their present value. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is immediately recognised as an expense in the statement of comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so 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 in prior years. A reversal of an impairment loss is recognised as a credit to expenses immediately.

Taxation Current tax is the tax currently payable based on taxable profit for the year. Current tax for current and prior periods shall, to the extent unpaid, be recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess shall be recognised as an asset.

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.

The Group takes advantage of the Small & Medium Enterprise tax scheme in respect of R&D tax credits. These are included in the taxation line and are accounted for on a receivable basis. This means that the Group applies certain assumptions based on previous R&D claims and any changes to the business and applicable legislation to record a credit through profit or loss and an associated receivable on the statement of financial position in the accounting period in question.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries is not provided if reversal of these temporary differences can be controlled by the group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the year-end date.

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

i. Financial Assets

Financial assets are held at amortised cost if the assets are held with the objective to collect contractual cash flows and where the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. After initial recognition at transaction price being the amount of consideration that is unconditional, receivable balances are measured at amortised cost using the effective interest method, less loss allowance for expected credit losses. The Group's cash and cash equivalents, other financial assets (fixed term deposits), trade and most other receivables fall into this category of financial instruments.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

Financial instruments (continued)

i. Financial liabilities

Trade and other payables are not interest bearing and are initially recognised at fair value plus transaction costs directly attributable to their acquisition and then subsequently measured at amortised cost.

ii. Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes a party to the contractual provisions of the instrument. They are initially recognised at fair value plus transaction costs directly attributable to their acquisition and subsequently measured at amortised cost using the effective interest method. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Investments in subsidiaries Investments in subsidiaries, as reported in the Parent Company financial statements, are included at cost less provision for impairment.

Finance income Finance income comprises interest income accrued on a time basis, by reference to the principal outstanding at the effective interest rate applicable.

Dividends Dividends to the Company's shareholders are recognised as a liability and deducted from shareholders' equity in the period in which the shareholders' right to receive payment is established.

Employee benefits Retirement benefits
The Company operates a defined contribution retirement benefit plan. The cost of the defined contribution plan is charged to administrative expenses in the statement of comprehensive income on the basis of contributions payable by the Company during the year.

Share-based payments

The Group issues equity-settled, share-based payments to certain employees. Equity-settled, share-based payments are measured at fair value at the date of grant. In the consolidated Financial Statements, the fair value determined at the grant date of equity-settled, share-based payments is expensed on a straight-line basis over the vesting period based on the Group's estimate of shares which will eventually vest, together with a corresponding increase in equity. In the Financial Statements of the Company, equity-settled, share-based payments issued to employees of the Company are treated in the same manner as in the consolidated Financial Statements. Equity-settled, share-based payments issued to employees of subsidiary undertakings are treated in the Financial Statements of the Company as an increase in investment in subsidiary companies, together with a corresponding increase in equity, over the vesting period based on the Group's estimate of shares which will eventually vest.

Fair value is measured by use of a binomial option pricing model and has been adjusted for the estimated effect of non-transferability, exercise restrictions and behavioural considerations.

For options that have non-market vesting conditions such as EPS growth, the award has been valued using a Black-Scholes Model. This type of model is typically used where no market conditions are associated with the awards.

Options granted from November 2021 have been valued using the Black-Scholes Model. Option pre-November 2021 used the binomial option pricing model.

Treasury shares The Company's shares which have been purchased and not cancelled are held as treasury shares and deducted from shareholders' equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the shares.

Reserves Share premium account represents the difference between the price received on the sale of shares and their par value.

Capital redemption reserve arose from the purchase of shares and represents their nominal value.

Cumulative translation reserve arises from the consolidation of foreign subsidiaries.

Share capital represents the nominal value of shares that have been issued.

Profit and loss account includes all current and prior period retained profits and share-based payments less treasury shares held at the statement of financial position date.

Merger reserve represents the difference between the price of the shares issued on acquisition of Phillips Aerospace and their par value.

Provisions Provisions are recognised when present obligations resulting from a past event will probably lead to an outflow of economic resources from the Group and amounts can be estimated reliably. Provisions reported are for non-purchased warranties (all additional purchased warranties are accounted for under contract liabilities). The obligation under IFRS15 is for the Group to repair or replace faulty boards at no additional charge to the customer.

EPS Basic earnings per share is calculated by dividing the profit attributable to the owners of Concurrent Technologies plc, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

DEPS Diluted earnings per share is calculated by dividing the profit attributable to the owners of Concurrent Technologies plc, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares and share options outstanding during the financial year.

Key judgements and estimates Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

Estimates

The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of creating a material adjustment to the carrying amounts of assets and liabilities are discussed below.

Development costs

To determine whether an impairment is required regarding the carrying value of the capitalised development costs, management have applied the criteria of IAS 36 'Impairment of Assets' and have projected the future economic benefits of the asset. Reviewing against current backlog and estimated weighted, (based on probability factors, predominantly driven by stage of the opportunity), future pipeline opportunities, which will be achieved from this investment using an estimated useful life of seven years. Management considers the review to be sufficiently robust regarding reasonable movements in discount rates (current rate used 10.2%).

A 1% increase in the discount rate would not lead to a material increase in impairment, so therefore, the discount rate is not considered to be the key source of estimation uncertainty, but it is the assumptions made around conversion of future sales that is key to the estimate. Where indicators exist, management then record judgement-based impairment charges which consider project specific technical issues, customer feedback, opportunity for product substitution and other market factors. Estimation uncertainty relates to assumptions about future results.

The Group has performed a sensitivity analysis against our top five boards in terms of NBV, using the key input of gross margin, and the result is the gross margin would have to reduce between 50% and 70%, depending on the board, to achieve a breakeven position. This provides the Directors with comfort in respect of headroom in the impairment calculations.

Inventory

A slow moving inventory provision has been made where necessary where inventory has had no movement in three years or more as per our accounting policy. Items that are provided for, should they start being used again, will have the provision removed/reversed.

R&D Tax Credits

The Group takes advantage of the Small & Medium Enterprise tax scheme in respect of R&D tax credits. These are included in the taxation line and are accounted for on a receivable basis. This means that the Group applies certain assumptions based on previous R&D claims and any changes to the business and applicable legislation to record a credit through profit or loss and an associated receivable on the statement of financial position in the accounting period in question.

Goodwill and intangible assets on acquisition

Application of IFRS 3

During the prior year, the Group acquired Phillips Aerospace and accordingly reviewed the acquisition of the entity in accordance with IFRS 3 'Business Combinations'. Any assets that were identified as being separately identifiable assets have been valued using appropriate valuation techniques in order to determine the fair value of intangible assets acquired as part of the business combination aside from any goodwill arising as a result of the transaction.

These are accordingly recorded as separate intangible assets in Note 12 and have been reviewed for impairment as noted in Note 12.

CGU

The classification of Phillips Aerospace as a single CGU is a key judgement based on the understanding of the elements that were purchased. The assets purchased (e.g., accreditation, customer relationships, working capital etc.) are not capable of generating revenue in their own right, individually, and therefore, they are judged to be intrinsically linked as one to define the business of Phillips Aerospace to be one single CGU. Accordingly, any goodwill arising as a result of this acquisition has been allocated to the CGU identified.

The subsequent impairment and amortisation of the goodwill and assets are based on key estimates and judgements, reviewing the capability of the business from key forecasts of revenue and orders. These are tested for impairment in the same way as development costs (i.e. the use of a discounted cashflow forecast to determine the value in use of the CGU, which has been prepared in accordance with IAS 36).

Capitalisation of development costs IAS 38 – Intangible Assets

Judgement is required when distinguishing the research and development phases of new projects and determining whether the recognition requirements for capitalisation of the development costs are met under IAS 38. Research covers pre-solution options often through feasibility studies of various technologies. Development is the application of research findings or other knowledge to plan or design for the production of new or substantially improved products before the start of commercial production. Development costs are capitalised as an intangible asset if all the following criteria are met: there is technical feasibility of completing the asset so that it will be available for use or sale; the intention is to complete the asset and use or sell it; there is an ability to use or sell the asset; the asset will generate future economic benefits and demonstrate the existence of a market or the usefulness of the asset if it is to be used internally; the availability of adequate technical, financial and other resources to complete the development and to use or sell it; and the ability to measure reliably the expenditure attributable to the intangible asset.

Key judgements and estimates (continued)

Judgements

Judgement is required when distinguishing the research and development phases of new projects and determining whether the recognition requirements for capitalisation of the development costs are met. Research covers pre-solution options often through feasibility studies of various

technologies. Development is the application of research findings or other knowledge to plan or design for the production of new or substantially improved products before the start of commercial production. Development costs are capitalised as an intangible asset if all the following criteria are met: there is technical feasibility of completing the asset so that it will be available for use or sale; the intention is to complete the asset and use or sell it; there is an ability to use or sell the asset; the asset will generate future economic benefits and demonstrate the existence of a market or the usefulness of the asset if it is to be used internally; the availability of adequate technical, financial and other resources to complete the development and to use or sell it; and the ability to measure reliably the expenditure attributable to the intangible asset.

Prior year restatement

Corporation tax

A prior year restatement has been included for corporation tax as a result of an erroneous tax asset being included in the 2023 accounts. The impact of this adjustment is to increase the tax charge in 2023 by £713,000 and decrease the corporation tax asset in 2023 by £713,000.

| | 2023 (restated) | 2023 as previously stated |
|--|------------------------|----------------------------------|
| Tax (charge)/credit | (312,752) | 400,248 |
| Current tax asset | 779,621 | 1,492,621 |
| Profit and loss reserve | 22,100,348 | 22,813,348 |
| Earnings per share | 4.06p | 4.98p |
| Diluted earnings per share | 3.95p | 4.85p |
| Profit and loss impact | 713,000 | |
| Cumulative retained earnings impact | 713,000 | |

Note 3 SEGMENT REPORTING

The Directors consider that there is only one operating segment, Concurrent Group, which undertakes the design, manufacture and supply of high-end embedded computer products and systems. The Company's products can be supplied to more than one business sector and are sold on a global basis. All manufacturing of computer products is undertaken in the UK.

Whilst looking at sales by business sectors, the Executive Board members of the Company as the Chief Operating Decision Maker do not make decisions regarding allocation of Group resources on such a basis.

The Board in its entirety, i.e. including Non-Executive members, is not involved in making operational decisions. Further, Group profits are not categorised for internal reporting purposes by sectors or geography. The historical and anticipated performance of the Group is therefore reported to the Board of Concurrent Technologies plc as a single entity. Thus, the Directors consider that there are no additional segments required to be disclosed under IFRS 8 - Operating Segments but have provided the following geographic sales analysis. No geographical analysis of non-current assets is provided as non-current assets outside of the UK are immaterial.

During 2024, £5.9m or 15% of Group Revenue depended on a single customer. In 2023, £3.49m or 11.0% of Group Revenue depended on a single customer.

All board revenue is recognised at a point in time, with systems and warranty (immaterial) revenue recognised over time.

| Revenue | Year to 31 December 2024 £ | Year to 31 December 2023 £ |
|-------------------|-------------------------------------|-------------------------------------|
| United States | 18,333,933 | 13,060,691 |
| Malaysia | 1,782,697 | 392,850 |
| Germany | 3,614,506 | 6,450,372 |
| United Kingdom | 2,929,047 | 2,148,568 |
| Other Europe | 8,146,423 | 4,178,401 |
| Rest of the World | 5,517,477 | 5,425,434 |
| | <u>40,324,083</u> | <u>31,656,316</u> |

Note 4 GROUP OPERATING PROFIT

| | Year to 31 December 2024 £ | Year to 31 December 2023 £ |
|---|----------------------------------|----------------------------------|
| Group operating profit is stated after charging to cost of sales: | | |
| Cost of inventories recognised as expense | 18,393,779 | 14,884,586 |
| Staff costs (see Note 10) | 2,244,166 | 1,133,781 |
| Group operating profit is stated after charging/(crediting) to operating expenses: | | |
| Net foreign exchange (gains)/losses | (303,144) | 279,491 |
| Total expensed research and development costs | 2,573,902 | 1,930,389 |
| Amortisation of intangible assets | 1,936,561 | 1,509,167 |
| Impairment of intangible assets | 4,088 | 31,557 |
| Depreciation of owned property, plant and equipment | 468,683 | 686,403 |
| Depreciation of ROU Asset | 204,374 | 203,870 |
| Staff costs (see Note 10) | 10,540,722 | 9,002,640 |
| Group principal auditor's remuneration: | | |

| | | |
|--|---------|---------|
| Audit of Group financial statements pursuant to legislation | 158,300 | 150,000 |
| Other non-auditor remuneration relating to taxation compliance | 39,200 | 25,000 |

Note 5 FINANCE INCOME

| | Year to 31 December 2024 | Year to 31 December 2023 |
|----------------------------------|-----------------------------|-----------------------------|
| | £ | £ |
| Interest earned on bank deposits | 79,294 | 68,145 |

Note 6 TAX

| | Year to 31 December 2024 | Year to 31 December 2023 (as restated) |
|-----------------------------|--------------------------------|--|
| | £ | £ |
| Current tax expense | - | - |
| Current deferred tax | 1,014,506 | 401,271 |
| Prior year tax expense | (17,007) | (4,970) |
| Prior year deferred tax | (520,660) | (113,969) |
| Current overseas tax charge | - | 30,420 |
| | 476,839 | 312,752 |
| | 476,839 | 312,752 |

The tax assessed on the Group's profit before tax for the year is less than the standard rate of corporation tax in the UK. The applicable rate of corporation tax for the year to 31 December 2024 was 25.00% (2023: 23.52%). The differences are explained below:

| | Year to 31 December 2024 | Year to 31 December 2023 (as restated) |
|---|-----------------------------------|--|
| | £ | £ |
| Profit before tax | 5,179,277 | 3,472,888 |
| Corporation tax on profit before tax at standard rate | 1,294,819 | 816,823 |
| Expenses not deductible for tax purposes | 13,771 | 282,141 |
| UK tax credits | (731,734) | (486,705) |
| Effect of change in UK tax rate | - | 23,747 |
| Share options | 4,736 | - |
| Effects of other reliefs | - | - |
| Difference in overseas effective tax rates | - | (24,150) |
| Impact of overseas losses | 432,914 | - |
| Adjustment in respect of previous years | (537,667) | (299,104) |
| Tax charge/(credit) | 476,839 | 312,752 |

Factors that may affect future tax charges are as follows:

UK tax rates, and any changes to R&D tax credits would have an impact on the tax position of the Group and Parent company

Note 7 DIVIDEND

| | 2024 | 2023 | 2024 | 2023 |
|-------------------------------|----------------|----------|-----------------|-----------------|
| | £ | £ | pence per share | pence per share |
| Final (for the previous year) | 856,377 | - | 1.00 | - |
| Interim | - | - | - | - |
| | <u>856,377</u> | <u>-</u> | <u>1.00</u> | <u>-</u> |

Interim dividends are recognised in the Financial Statements in the period they are paid. The Directors have proposed a 1.1p dividend for the year ended 31 December 2024 as a resolution for the Annual General Meeting (total dividend for 2023 was £856,377).

Note 8 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to ordinary equity holders for the period by the weighted average number of Ordinary Shares outstanding during the period. Diluted earnings per share is calculated by adjusting the weighted average number of Ordinary Shares outstanding to assume conversion of all contracted dilutive potential Ordinary Shares. The Company only has one category of dilutive potential Ordinary Share namely the share options.

The inputs to the earnings per share calculation are shown below:

| | Year to 31 December 2024 | Year to 31 December 2023 (as restated) |
|------------------|-----------------------------------|--|
| | £ | £ |
| Profit after tax | <u>4,702,438</u> | <u>3,160,136</u> |

| | Year to 31 December 2024 | Year to 31 December 2023 |
|---|-----------------------------------|-----------------------------------|
| | N° | N° |
| Weighted average number of ordinary shares for basic earnings per share | 85,676,344 | 77,833,759 |
| Adjustment for share options | <u>5,106,393</u> | <u>4,554,202</u> |
| | <u>90,782,737</u> | <u>82,387,961</u> |

| | Year to 31 December 2024 | Year to 31 December 2023 (as restated) |
|---------------------------|-----------------------------------|--|
| Earnings per share amount | 5.49p | 4.06p |

| | | |
|-----------------------------------|-------|-------|
| Diluted earnings per share amount | 5.18p | 3.95p |
|-----------------------------------|-------|-------|

Note 9 DIRECTORS' EMOLUMENTS

| | Year to 31 December 2024 £ | Year to 31 December 2023 £ |
|-----------------------|--|--|
| Fees and emoluments | 1,295,912 | 1,182,172 |
| Pension contributions | 16,298 | 18,632 |
| | 1,312,210 | 1,200,804 |

The emoluments of Directors disclosed above include in respect of the highest paid Director:

| | | |
|--|---------|---------|
| Fees and emoluments | 614,719 | 571,029 |
| Pension contributions | - | 9,847 |
| The number of Directors to whom retirement benefits are accruing under a defined contribution scheme is: | 1 | 2 |

Detailed information concerning Directors' emoluments, shareholdings and options is provided in the Report of the Remuneration Committee.

NOTE 10 STAFF COSTS

| | Group Year to 31 December 2024 £ | Company Year to 31 December 2024 £ | Group Year to 31 December 2023 £ | Company Year to 31 December 2023 £ |
|------------------------------------|--|---|---|--|
| Wages and salaries | 10,160,327 | 7,822,904 | 8,501,442 | 7,055,210 |
| Social security costs | 1,277,769 | 985,571 | 958,837 | 867,527 |
| Defined contribution pension costs | 602,037 | 547,017 | 438,431 | 418,231 |
| Share-based payment | 744,755 | 370,083 | 430,854 | 283,761 |
| | 12,784,888 | 9,725,575 | 10,329,564 | 8,624,729 |
| Average number of employees: | N° | N° | N° | N° |
| Production | 40 | 39 | 39 | 38 |
| Other | 115 | 89 | 103 | 88 |
| | 155 | 128 | 142 | 126 |

Direct employment costs capitalised for the year to 31 December 2024 £2,656,170 (2023: £2,389,672).

Note 11 PROPERTY, PLANT AND EQUIPMENT

GROUP

| | Improvements to short leasehold property | Right of use asset | Plant, fixtures & computer equipment | Total |
|---------------------------------|--|-----------------------|---|------------------|
| | £ | £ | £ | £ |
| COST | | | | |
| At 1 January 2023 | 784,169 | 1,497,157 | 4,405,590 | 6,686,916 |
| Foreign exchange movement | (6,251) | - | (8,624) | (14,875) |
| Modification and amendment | - | (234,905) | - | (234,905) |
| Transfer from intangibles | - | - | 75,045 | 75,045 |
| Additions | 227,733 | - | 523,184 | 750,917 |
| At 31 December 2023 | 1,005,651 | 1,262,252 | 4,995,195 | 7,263,098 |
| Foreign exchange movement | (2,018) | - | (2,785) | (4,803) |
| Additions | 28,629 | - | 868,482 | 897,111 |
| At 31 December 2024 | <u>1,032,262</u> | <u>1,262,252</u> | <u>5,860,892</u> | <u>8,155,406</u> |
| ACCUMULATED DEPRECIATION | | | | |
| At 1 January 2023 | 260,028 | 451,828 | 3,289,953 | 4,001,809 |
| Foreign exchange movement | (5,193) | 1,651 | (7,288) | (10,830) |
| Charge for the year | 252,370 | 203,870 | 434,033 | 890,273 |
| Modification and amendment | - | (84,037) | - | (84,037) |
| At 31 December 2023 | 507,205 | 573,312 | 3,716,698 | 4,797,215 |
| Foreign exchange movement | (1,067) | 533 | (1,105) | (1,639) |
| Charge for the year | 121,182 | 204,374 | 347,501 | 673,058 |
| At 31 December 2024 | <u>627,320</u> | <u>778,219</u> | <u>4,063,094</u> | <u>5,468,634</u> |
| NET BOOK VALUE | | | | |
| At 31 December 2023 | <u>498,446</u> | <u>688,940</u> | <u>1,278,497</u> | <u>2,465,883</u> |
| At 31 December 2024 | <u>404,942</u> | <u>484,033</u> | <u>1,797,797</u> | <u>2,686,772</u> |

COMPANY

| | Improvements to short leasehold property | Right of use asset | Plant, fixtures & computer equipment | Total |
|--|--|-----------------------|---|-------|
|--|--|-----------------------|---|-------|

| | £ | £ | £ | £ |
|---------------------------------|---------|-----------|-----------|-----------|
| COST | | | | |
| At 1 January 2023 | 780,351 | 1,400,165 | 4,255,588 | 6,436,104 |
| Transfer from intangibles | | | 75,045 | 75,045 |
| Modification and amendment | - | (234,905) | - | (234,905) |
| Additions | 60,672 | - | 303,337 | 364,009 |
| At 31 December 2023 | 841,023 | 1,165,260 | 4,633,970 | 6,640,253 |
| Additions | 28,629 | - | 684,704 | 713,333 |
| At 31 December 2024 | 869,652 | 1,165,260 | 5,318,674 | 7,353,586 |
| ACCUMULATED DEPRECIATION | | | | |
| At 1 January 2023 | 256,209 | 401,478 | 3,149,917 | 3,807,604 |
| Charge for the year | 94,546 | 186,393 | 261,538 | 542,477 |
| Modification and amendment | - | (84,037) | - | (84,037) |
| At 31 December 2023 | 350,755 | 503,834 | 3,411,455 | 4,266,044 |
| Charge for the year | 96,452 | 187,443 | 334,858 | 618,753 |
| At 31 December 2024 | 447,207 | 691,277 | 3,746,313 | 4,884,797 |
| NET BOOK VALUE | | | | |
| At 31 December 2023 | 490,268 | 661,426 | 1,222,515 | 2,374,209 |
| At 31 December 2024 | 422,445 | 473,983 | 1,572,361 | 2,468,789 |

Note 12 INTANGIBLE ASSETS

GROUP

| | Development costs | Goodwill | Customer relationships | Other | Total |
|---------------------------|-------------------|-----------|------------------------|-----------|------------|
| | £ | £ | £ | £ | £ |
| COST | | | | | |
| At 1 January 2023 | 31,061,443 | | | 1,109,461 | 32,170,904 |
| Foreign exchange movement | - | | | (1,106) | (1,106) |
| Additions | 3,939,539 | | | 38,300 | 3,977,839 |
| Additions on acquisition | - | 1,230,594 | 1,130,851 | 383,593 | 2,745,038 |
| Transfer between classes | (64,413) | - | - | 64,413 | - |
| Transfer to tangibles | (75,046) | - | - | - | (75,046) |
| At 31 December 2023 | 34,861,523 | 1,230,594 | 1,130,851 | 1,594,661 | 38,817,629 |
| Foreign exchange movement | - | 19,690 | 17,513 | - | 37,203 |

| | | | | | |
|---------------------|------------|-----------|-----------|-----------|------------|
| Additions | 3,043,265 | - | - | 339,260 | 3,382,525 |
| Adjustment | - | - | - | - | - |
| At 31 December 2024 | 37,904,787 | 1,250,284 | 1,148,364 | 1,933,921 | 42,237,356 |

AMORTISATION

| | | | | | |
|---------------------------|------------|-----------|-----------|-----------|------------|
| At 1 January 2023 | 22,477,838 | | | 885,776 | 23,363,614 |
| Foreign exchange movement | - | | | (1,106) | (1,106) |
| Charge for the year | 1,349,203 | | 36,248 | 123,716 | 1,509,167 |
| Impairment loss | 31,557 | | | | 31,557 |
| At 31 December 2023 | 23,858,598 | - | 36,248 | 1,008,386 | 24,903,232 |
| Foreign exchange movement | | | | 1,268 | 1,268 |
| Charge for the year | 1,685,441 | | 114,895 | 136,225 | 1,936,561 |
| Impairment loss | 4,088 | | | | 4,088 |
| At 31 December 2024 | 25,548,127 | - | 151,143 | 1,145,879 | 26,845,149 |
| At 31 December 2023 | 11,002,925 | 1,230,594 | 1,094,603 | 586,275 | 13,914,397 |
| At 31 December 2024 | 12,356,661 | 1,250,284 | 997,221 | 788,042 | 15,392,208 |

COMPANY

| | Development costs £ | Other £ | Total £ |
|--------------------------|---------------------------|------------------|-------------------|
| COST | | | |
| At 1 January 2023 | 31,061,443 | 1,109,461 | 32,170,904 |
| Transfer between classes | (64,413) | 64,413 | - |
| Additions | 3,939,539 | 38,300 | 3,977,839 |
| Transfer to tangibles | (75,046) | - | (75,046) |
| At 31 December 2023 | 34,861,523 | 1,212,174 | 36,073,697 |
| Additions | 3,043,265 | 321,820 | 3,365,085 |
| Adjustment | - | 5,398 | 5,398 |
| Disposals | - | - | - |
| At 31 December 2024 | <u>37,904,787</u> | <u>1,539,392</u> | <u>39,444,180</u> |
| AMORTISATION | | | |
| At 1 January 2023 | 22,477,838 | 885,776 | 23,363,614 |

| | | | |
|---------------------------|------------|-----------|------------|
| Foreign exchange movement | - | - | - |
| Charge for the year | 1,349,203 | 111,420 | 1,460,623 |
| Disposals | | | - |
| Impairment loss | 31,557 | | 31,557 |
| At 31 December 2023 | 23,858,598 | 997,196 | 24,855,794 |
| Charge for the year | 1,685,441 | 110,015 | 1,795,456 |
| Disposals | | | - |
| Impairment loss | 4,088 | | 4,088 |
| At 31 December 2024 | 25,548,126 | 1,107,211 | 26,655,338 |
| At 31 December 2023 | 11,002,925 | 214,978 | 11,217,903 |
| At 31 December 2024 | 12,356,661 | 432,181 | 12,788,842 |

Development costs can be broken down as assets under development (based on original cost) £3,282,211 (2023: £7,428,960) and assets available for use (based on original cost) £34,622,576 (2023: £27,432,563). Transferred in available for use was £nil (2023: £1,088,920).

Other intangible assets comprise purchased software used within the business and software licences.

All amortisation and impairment charges (or reversals if any) are included within 'Administrative Expenses'.

In respect of Intangibles associated with the acquisition of Phillips Aerospace, Concurrent has undertaken an impairment review, with key inputs of revenue growth and costs, using a discount rate of 10.2%. The results of this are that a significant reduction in revenue would have to be incurred to result in any impairment to the assets.

Note 13 DEFERRED TAX

| | Share-based payments £ | Accelerated capital allowances £ | Tax losses £ | Other £ | Total £ |
|---|---------------------------|-------------------------------------|-----------------|------------|-------------|
| GROUP | | | | | |
| At 1 January 2023 | 401,945 | (2,222,539) | 37,799 | 6,960 | (1,775,835) |
| Credited/(charged) to statement of comprehensive income | 88,785 | 121,376 | 215,538 | - | 425,699 |
| Credited/(charged) to equity | - | - | - | (311,317) | (311,317) |
| At 31 December 2023 | 490,730 | (2,101,163) | 253,337 | (304,357) | (1,661,453) |

| | | | | | |
|---|----------------|--------------------|----------------|------------------|--------------------|
| Credited/(charged) to statement of comprehensive income | 63,848 | (978,982) | 421,289 | 26,214 | (467,631) |
| Credited/(charged) to equity | 5,820 | - | - | - | 5,820 |
| At 31 December 2024 | <u>560,398</u> | <u>(3,080,145)</u> | <u>674,626</u> | <u>(278,143)</u> | <u>(2,123,264)</u> |

COMPANY

| | | | | | |
|---|----------------|--------------------|------------------|----------|--------------------|
| At 1 January 2023 | 401,945 | (2,229,825) | - | - | (1,827,880) |
| Credited/(charged) to statement of comprehensive income | 88,785 | 121,376 | 215,538 | - | 425,699 |
| Credited/(charged) to equity | - | - | - | - | - |
| At 31 December 2023 | <u>490,730</u> | <u>(2,108,449)</u> | <u>215,538</u> | <u>-</u> | <u>(1,402,181)</u> |
| Credited/(charged) to statement of comprehensive income | 63,848 | (978,982) | 421,289 | - | (493,845) |
| Credited/(charged) to equity | 5,820 | - | - | - | 5,820 |
| At 31 December 2024 | <u>560,398</u> | <u>(3,087,431)</u> | <u>- 636,827</u> | <u>-</u> | <u>(1,890,206)</u> |

There has been a reclassification in 2023 of deferred tax asset to show net of the deferred tax liability because all deferred tax assets and liabilities arise in offsettable jurisdictions. As a result, deferred tax assets of £432,642 in 2023 are now presented within the overall net deferred tax liability.

Note 14 INVESTMENTS

| | 31 December 2024 | 31 December 2023 |
|--|---------------------|---------------------|
| | £ | £ |
| COMPANY | | |
| Investment in subsidiary companies | | |
| Shares at cost | 19,705 | 19,705 |
| Capital contribution | 1,361,656 | 1,361,656 |
| Equity-settled share-based payment | 565,951 | 191,278 |
| Total investment in subsidiary companies | <u>1,947,312</u> | <u>1,572,639</u> |

The Group has closed the Research and Development facility located in India. The investment in the subsidiary company has not been impaired during 2024. This will be impaired in 2025 upon formal dissolution. The investment carried in the accounts is £12,994.

Subsidiary undertakings included in these accounts, which are all wholly owned, at 31 December 2024 are:

| Name | Place of incorporation | Class of share | Percentage held | Nature of business |
|---|------------------------|----------------|-----------------|---|
| By Company: | | | | |
| Concurrent Tech | Bangalore, | Ordinary | 99.999 per cent | Non-trading |
| India Private Ltd | India | | | Company |
| Concurrent Technologies Inc. | California, USA | Ordinary | 100 per cent | Sale & service of Company products & R&D services for the Company |
| By Concurrent Technologies Inc : | | | | |
| Omnibyte Corporation | Illinois, USA | Ordinary | 100 per cent | Dormant |
| Phillips Aerospace | California, USA | Ordinary | 100 per cent | Developer & manufacturer of industrial products and associated services |

Note 15 INVENTORIES

| | Group 31 Dec 2024 £ | Company 31 Dec 2024 £ | Group 31 Dec 2023 £ | Company 31 Dec 2023 £ |
|------------------|------------------------------|--------------------------------|------------------------------|--------------------------------|
| Raw materials | 6,948,808 | 6,168,144 | 8,357,855 | 8,153,919 |
| Work in progress | 3,640,455 | 3,640,455 | 3,407,901 | 3,407,901 |
| Finished goods | 286,353 | 286,353 | 192,744 | 192,744 |
| | <u>10,875,616</u> | <u>10,094,952</u> | <u>11,958,500</u> | <u>11,754,564</u> |

During 2024 the provision for obsolete and slow-moving inventories has been increased by £74,719 (2023: increased by £543,686). In accordance with IAS2, inventories are measured at the lower of cost and net realisable value.

The inventory balance movement includes a write-off provision which has decreased by £237,384 in the period. This comprises obsolete inventory following an in-depth analysis of the Group's inventory.

In 2024, a total of £18.4m (2023: £14.8m) of inventories was included in the Consolidated Statement of Comprehensive Income as an expense.

Note 16 TRADE AND OTHER RECEIVABLES

| Group 2024 | Company 2024 | Group 2023 | Company 2023 |
|---------------|-----------------|---------------|-----------------|
|---------------|-----------------|---------------|-----------------|

| | £ | £ | £ | £ |
|--|------------------|------------------|------------------|------------------|
| Current | | | | |
| Trade receivables | 6,196,812 | 2,183,749 | 5,430,181 | 2,667,667 |
| Prepayments and accrued income | 1,550,741 | 1,359,050 | 687,535 | 577,182 |
| Other debtors | 356,559 | 356,559 | 325,111 | 325,111 |
| Loan to subsidiary | - | - | - | 2,786,644 |
| Amounts due from subsidiary undertakings | - | 5,080,739 | - | 2,178,391 |
| | <u>8,104,112</u> | <u>8,980,097</u> | <u>6,442,827</u> | <u>8,534,995</u> |

| | Group 2024 £ | Company 2024 £ | Group 2023 £ | Company 2023 £ |
|--------------------|--------------------|----------------------|--------------------|----------------------|
| Non-current | | | | |
| Loan to subsidiary | - | 3,301,753 | - | - |
| | <u>-</u> | <u>3,301,753</u> | <u>-</u> | <u>-</u> |

The formal loan agreement for the loan to subsidiary was signed in 2024 and the loan has a repayment date of September 2028. Therefore, the loan balance has been reclassified to non-current 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. Trade receivables have been grouped based on shared credit risk characteristics. The expected loss rates are based on historic performance, as well as current macroeconomic conditions and experience. The Company has assessed the recoverability of inter-company balances, and deem no issues in terms of credit losses, with all amounts being repayable on demand. There have been no previous write-offs of inter-company balances and there are sufficient cash and other current assets to cover the amount.

ECL Provision Matrix

| | Current | More than 30 days past due | More than 60 days past due | More than 90 days past due | Total |
|-------------------------------|-----------|----------------------------------|----------------------------------|----------------------------------|-----------|
| 31 December 2024 | | | | | |
| Expected loss rate | - | - | - | 0.001% | |
| Gross carrying amount | 4,525,345 | 552,964 | 741,415 | 377,088 | 6,196,812 |
| Lifetime expected credit loss | - | - | - | 210 | 210 |

As a Group we don't have a significant amount of bad debt and, historically, bad debts have been very close to nil due to the recurring nature of orders; our customers pay what is owed, so it is not necessary for us to provide for any balances as bad debt.

| | Group 2024 £ | Group 2023 £ |
|---|--------------------|--------------------|
| At 1 January | 210 | 210 |
| Charged/(credited) to statement of comprehensive income | - | - |
| At 31 December | <u>210</u> | <u>210</u> |

| Group | Company | Group | Company |
|-------|---------|-------|---------|
|-------|---------|-------|---------|

| | 2024 | 2024 | 2023 | 2023 |
|-------------------|------------------|------------------|----------------|----------------|
| | £ | £ | £ | £ |
| More than 30 days | 552,964 | 398,653 | 18,712 | 17,998 |
| More than 60 days | 741,415 | 531,201 | 128,551 | 128,448 |
| More than 90 days | 377,088 | 257,731 | 125,876 | 125,096 |
| | <u>1,671,467</u> | <u>1,187,585</u> | <u>273,139</u> | <u>271,542</u> |

Note 17 TRADE AND OTHER PAYABLES

Current

| | Group | Company | Group | Company |
|---------------------------------------|------------------|------------------|------------------|------------------|
| | 2024 | 2024 | 2023 | 2023 |
| | £ | £ | £ | £ |
| Trade payables | 5,052,348 | 4,469,106 | 5,707,674 | 5,608,259 |
| Contract liabilities | 588,213 | 588,213 | 1,030,449 | 1,030,449 |
| Other payables | 117,589 | 102,878 | 355,549 | 46,329 |
| Current right of use lease liability | 310,182 | 287,746 | 294,662 | 268,472 |
| Other taxes and social security costs | 277,102 | 267,953 | 207,385 | 202,605 |
| Accruals | 2,595,334 | 1,295,952 | 2,070,693 | 1,733,933 |
| | <u>8,940,768</u> | <u>7,011,848</u> | <u>9,666,412</u> | <u>8,890,047</u> |

Non-Current

| | Group | Company | Group | Company |
|------------------------|----------------|----------------|----------------|----------------|
| | 2024 | 2024 | 2023 | 2023 |
| | £ | £ | £ | £ |
| Right of use liability | 446,477 | 428,913 | 695,272 | 677,607 |
| | <u>446,477</u> | <u>428,913</u> | <u>695,272</u> | <u>677,607</u> |

Contract liabilities have been disaggregated from other payables in the current and prior years to provide more detailed information to the reader of the accounts as to the nature of other payables.

| Contract liabilities | Warranty | End of | End of | Non- | Total |
|--------------------------------------|-----------------|----------------|----------------|--------------------|----------------|
| (Group and Company) | | life | life | recurring | |
| | | | service | engineering | |
| | | | charge | | |
| B/fwd as 1 January 2024 | 49,244 | 590,936 | 584 | 389,685 | 1,030,449 |
| Charged/(credited) to profit or loss | | | | | |
| Addition | 16,724 | - | - | - | 16,724 |
| Release | (5,087) | (63,605) | (584) | (389,685) | (458,961) |
| Closing at 31 December 2024 | <u>60,882</u> | <u>527,331</u> | <u>-</u> | <u>-</u> | <u>588,213</u> |

Note 18 FINANCIAL INSTRUMENTS

Financial Instruments by category

| | | Financial assets measured at amortised cost £ | |
|--------------|-----------------------------|---|-------------------|
| GROUP | | | |
| 2023 | Non-current: | - | |
| 2023 | Current: | | |
| | Trade and other receivables | | 5,430,181 |
| | Cash and cash equivalents | | 11,118,728 |
| | Total for category | | <u>16,548,909</u> |
| 2024 | Non-current: | - | |
| 2024 | Current: | | |
| | Trade and other receivables | | 6,196,812 |
| | Cash and cash equivalents | | 13,706,703 |
| | Total for category | | <u>19,903,515</u> |

| | | Financial liabilities measured at amortised cost £ | |
|--------------|--------------------------|--|------------------|
| GROUP | | | |
| 2023 | Current: | | |
| | Trade and other payables | | <u>8,428,578</u> |
| 2024 | Current: | | |
| | Trade and other payables | | <u>8,075,453</u> |

Included in the above is trade payables, other payables, accruals and lease liabilities. All non-current liabilities as displayed in Note 17 relate to lease liabilities which are financial liabilities measured at amortised cost.

Note 19 PROVISIONS

| GROUP AND COMPANY | Dilapidation £ | Product warranty £ |
|-------------------------------------|-------------------|--------------------------|
| Carrying amount at 1 January 2024 | 296,879 | 36,512 |
| Charged to profit or loss | | |
| Increase in provisions | 11,461 | - |
| Amount utilised | - | - |
| Carrying amount at 31 December 2024 | <u>308,340</u> | <u>36,512</u> |

Provisions have been analysed between current and non-current as follows:

| | |
|-------------|---------|
| Current | 18,256 |
| Non-current | 326,596 |

Warranties are provided for based on past experience and on the basis of management's best estimate of the Group's liability under 24-month warranties granted on its hardware products.

Dilapidations are provided for on the basis of management's best estimate for both the Colchester and Theale offices. This is recognised over the life of each lease.

Note 20 LEASES AND COMMITMENTS

The Group leases properties for its operations in the UK and US and the information is presented below, all leases relate to property.

| Changes in liabilities arising from financing activities | Group 2024 £ | Company 2024 £ | Group 2023 £ | Company 2023 £ |
|--|--------------------|----------------------|--------------------|----------------------|
| Opening balance | 989,935 | 946,079 | 1,460,107 | 1,391,449 |
| Additions | - | - | - | - |
| Modifications and amendment | - | - | (265,325) | (265,325) |
| Payments | (326,514) | (286,410) | (301,219) | (269,641) |
| Interest | 86,166 | 56,990 | 103,008 | 89,596 |
| Foreign exchange | 7,072 | - | (6,636) | - |
| Closing balance | 756,659 | 716,659 | 989,935 | 946,079 |

Right of use assets

| | Group 2024 £ | Company 2024 £ |
|------------------|--------------------|----------------------|
| Opening balance | 688,940 | 661,426 |
| Additions | - | - |
| Depreciation | (204,374) | (187,443) |
| Foreign exchange | (533) | - |
| Closing balance | 484,033 | 473,983 |

The right of use in relation to leasehold property are disclosed as PPE (Note 11).

Leases are made up of three properties with the terms as follows: UK office (Colchester) has no remaining break clauses; UK office (Theale) has a break clause of 1st April 2028; US office has an annual automatic one-year extension unless notice is given.

| | Group 2024 £ | Company 2024 £ | Group 2023 £ | Company 2023 £ |
|-----------------------|--------------------|----------------------|--------------------|----------------------|
| Within one year | (365,566) | (325,462) | (357,040) | (325,462) |
| Within 2–6 years | (453,424) | (453,424) | (757,806) | (739,386) |
| Add unearned interest | 62,331 | 62,227 | 124,911 | 118,769 |
| | (756,659) | (716,659) | (989,935) | (946,079) |

| | | | | |
|---------------------|------------------|------------------|------------------|------------------|
| Non-current Note 17 | (446,477) | (428,913) | (695,273) | (677,607) |
| Current Note 17 | (310,182) | (287,746) | (294,662) | (268,472) |
| | <u>(756,659)</u> | <u>(716,659)</u> | <u>(989,935)</u> | <u>(946,079)</u> |

At 31 December 2024 the Group was committed to a short-term lease for the Phillips Aerospace office lease.

The Group has elected not to recognise a lease liability for short-term leases or for leases of low-value assets. Payments made on these leases are expensed on a straight-line basis and the value of these expenses in the year was £198,735.

Amounts recognised in the consolidated statement of comprehensive income.

| | Group 2024 | Group 2023 |
|--|-----------------------|-----------------------|
| | £ | £ |
| Short-term and low-value lease expense | 198,735 | 49,606 |
| Depreciation charge | 204,374 | 203,870 |
| Interest expense | 62,378 | 103,008 |

Amounts recognised in the consolidated statement of cash flows.

| | Group 2024 | Group 2023 |
|--|-----------------------|-----------------------|
| | £ | £ |
| Short-term and low-value lease expense | - | - |
| Payment of lease liabilities | 326,514 | 301,219 |

Capital commitments

At the end of the year there were no capital expenditure commitments £nil (2023: £nil).

Note 21 SHARE CAPITAL

| | 31 Dec 2024 | 31 Dec 2023 |
|--|--------------------|--------------------|
| | £ | £ |
| Allotted, issued and fully paid share capital: | | |
| Ordinary shares (86,169,236 of 1p each) | 861,692 | 861,692 |

At 31 December 2024 the Company held 381,522 ordinary shares (2023: 531,522) with an aggregate nominal value of £3,815 (2023: £5,315) in Treasury.

| | Treasury shares |
|------------------------------|------------------------|
| Balance as at 1 January 2024 | 531,522 |
| Shares sold | (150,000) |

Balance as at 31 December 2024

381,522

Treasury share movement in year due to exercise of share options of £150,000 which were taken out of treasury shares and moved to ordinary shares.

Note 22 PENSION SCHEME

The Company operates a Group Personal Pension Scheme, which all permanent employees may join. The Scheme, which is a defined contribution scheme, is independent of the Company's finances. The Company's contributions are based on between 5.5% and 10% of members' gross salaries, dependent upon the length of service of the individual. The Company has also chosen Royal London as its workplace pension scheme to meet its employer duties under the Auto Enrolment rules. Contributions to the Royal London scheme are at the minimum rates. The total charge to administrative expenses in the statement of comprehensive income is disclosed in Note 10 Staff Costs. Pension contributions payable to the Schemes at the end of the year were £80,020 (2023: £63,681).

Note 23 FINANCIAL RISK MANAGEMENT

The Group is exposed to various risks in relation to financial instruments. The Group's financial assets and liabilities by category are summarised in Note 18. The main types of risks are market risk, credit risk and liquidity risk. The Group's policy in respect of financial risk management is referred to in the report on Corporate Governance.

The Group does not actively engage in the trading or holding of financial assets for speculative purposes. The most significant financial risks to which the Group is exposed are described below.

Market risk analysis

The Group is exposed to market risk through its use of financial instruments and specifically to currency risk which results from its operating activities.

Foreign currency sensitivity

A number of transactions are conducted by companies in the Group in currencies other than their functional currency which give rise to monetary assets and liabilities denominated in other currencies. The Group's exposure to foreign currency exchange risk is mitigated to a large extent by natural hedging, as assets in currency are matched by liabilities in the same currency. The value of monetary assets and liabilities of the Group and Company not held in functional currencies at the statement of financial position date were as follows:

Net foreign currency monetary assets/(liabilities)

| | 2024 | 2023 | |
|--|------------------|------------------|------------------|
| | US dollar | US dollar | |
| | £ | £ | |
| Group | 3,050,393 | (175,103) | |
| | | 2024 | 2023 |
| | | US dollar | US dollar |
| | | £ | £ |
| If sterling had strengthened by 5% against US dollar: | | | |
| Impact on net Group result and equity for the year | | (145,257) | 21,312 |
| If sterling had weakened by 5% against US dollar: | | | |
| Impact on net Group result and equity for the year | | 160,547 | (23,555) |

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the exposure to currency risk.

Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to this risk via from cash and cash equivalents and outstanding 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 and contract assets have been grouped based on shared credit risk characteristics and the days past due.

On that basis, the loss allowance as at 31 December 2024 and 31 December 2023 was determined as follows:

Group

| 31 December 2024 | Current | More than 30 days past due | More than 60 days past due | More than 90 days past due | Total |
|-------------------------------|----------------|---------------------------------------|---------------------------------------|---------------------------------------|--------------|
| Expected loss rate | - | - | - | 0.01% | |
| Gross carrying amount | 4,525,345 | 552,964 | 741,415 | 377,088 | 6,196,812 |
| Lifetime expected credit loss | - | - | - | 210 | 210 |

| 31 December 2023 | Current | More than 30 days past due | More than 60 days past due | More than 90 days past due | Total |
|-------------------------------|----------------|---|---------------------------------------|---------------------------------------|--------------|
| Expected loss rate | - | - | - | 0.01% | |
| Gross carrying amount | 5,282,708 | 18,712 | 128,551 | 210 | 5,430,181 |
| Lifetime expected credit loss | - | - | - | 210 | 210 |

The Group loss allowances for trade receivables as at 31 December reconcile to the opening loss allowances as follows:

| | 2024 | 2023 |
|---|-------------|-------------|
| | £ | £ |
| Opening loss allowance at 1 January | 210 | 210 |
| Loss allowance recognised during the year | - | - |
| Closing loss allowance at 31 December | 210 | 210 |

The credit risk for cash and cash equivalents and fixed-term cash deposits is considered negligible since the counterparties are reputable banks with high-quality external credit ratings.

Liquidity risk analysis

| 2024 | Current | More than 30 days past due | More than 60 days past due | More than 90 days past due | Total |
|----------------|----------------|---------------------------------------|---------------------------------------|---------------------------------------|--------------|
| Trade payables | 3,083,629 | 799,658 | 863,568 | 305,493 | 5,052,348 |
| Accruals | 2,595,334 | | | | 2,595,334 |

| 2023 | Current | More than 30 days past due | More than 60 days past due | More than 90 days past due | Total |
|-------------|----------------|---------------------------------------|---------------------------------------|---------------------------------------|--------------|
|-------------|----------------|---------------------------------------|---------------------------------------|---------------------------------------|--------------|

| | | | | | |
|----------------|-----------|---------|---------|---------|-----------|
| Trade payables | 4,747,497 | 673,864 | 154,861 | 131,452 | 5,707,674 |
| Accruals | 2,070,693 | | | | 2,070,693 |

Liquidity risk is that the Group might be unable to meet its obligations. The Group manages its liquidity needs by monitoring forecast cash inflows and outflows due in day-to-day business. Liquidity needs are monitored in various time bands, on a week-to-week basis and by monthly forecasting.

The Group's objective is to maintain cash to meet its liquidity requirements for the foreseeable future. This objective was met for the reporting periods. Funding for long-term liquidity needs is assessed by the Board on a regular basis.

The Group considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables. The Group's existing cash resources and trade receivables (see Note 16) exceed the current cash outflow requirements. Cash flows from trade and other receivables are all contractually due within three months.

Note 24 CAPITAL MANAGEMENT

Capital for the reporting periods under review is summarised as follows:

The Group's objectives when managing capital are:

- i. to ensure the Group's ability to continue as a going concern
- ii. to provide an adequate return to shareholders
- iii. to ensure the optimal cost of capital to fund the Group's strategy

by pricing products and services commensurately with the level of risk.

The Group monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the Consolidated Statement of financial position.

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, purchase its own shares to hold in treasury, issue new shares or sell assets. There were no changes in the Group's approach to capital management during the year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

| | Group 2024 | Group 2023 |
|------------------------------------|-----------------------|-----------------------|
| | £ | £ |
| Total equity | 38,925,008 | 35,036,427 |
| Cash and cash equivalents | (13,706,703) | (11,118,728) |
| Capital | <u>25,218,304</u> | <u>23,917,699</u> |
| Total Equity & overall financing | 38,925,008 | 35,036,427 |
| Capital to overall financing ratio | 0.65 | 0.68 |

Note 25 RELATED PARTY TRANSACTIONS

Dividends paid to Directors during the year amounted to: - 280

Transactions with Key Management Personnel during the period:

Key Management Personnel are the Company's Board. Key Management Personnel remuneration includes the following expenses:

| | Group 2024 | Group 2023 |
|------------------------------|-----------------------|-----------------------|
| | £ | £ |
| Short-term employee benefits | 1,260,912 | 1,305,205 |
| Post-employment benefits | 16,299 | 18,632 |
| Share-based payment (IFRS 2) | 400,553 | 287,773 |
| | <u>1,677,764</u> | <u>1,611,610</u> |

Note 26 **SHARE-BASED PAYMENT**

At the beginning of 2021 the Company operated an Enterprise Management Incentive Share Option Scheme. During 2021, a Long Term Incentive Plan (LTIP) was introduced.

The new Scheme provides for a grant price equal to the nominal value of the Company's shares on the date of grant. Options cannot be vested until three years after grant date and vesting is conditional upon the Group achieving a compound percentage growth of the Group average basic earnings per Ordinary Share, for the complete years commencing 1 January of the year of grant and ending with the year most immediately prior to the vesting of the option. The latest date for exercising options is 10 years after grant date and vesting of options is subject to continued employment with the Group.

| | 2024 Options | 2024 Weighted average price pence | 2023 Options | 2023 Weighted average price pence |
|--|-------------------------|--|-------------------------|--|
| | N° | | N° | |
| Outstanding at 1 January | 4,544,202 | 16.15 | 2,289,797 | 31.14 |
| Granted | 832,816 | 1.00 | 2,300,209 | 1.00 |
| Exercised | (150,000) | 39.00 | - | - |
| Forfeited/lapsed | (130,625) | 1.00 | (35,804) | 1.00 |
| Outstanding at 31 December | 5,096,393 | 10.86 | 4,554,202 | 16.15 |
| Weighted average share price at date of exercise | 166.80 | - | - | - |
| Exercisable at 31 December 2024 | Nil | - | Nil | - |

Options outstanding at 31 December 2024 had exercise prices ranging from 1.0 pence to 101.50 pence and a weighted average remaining contractual life of 2.14 years (2023: 2.49 years).

The inputs to the Black-Scholes model for options granted over the period were as follows:

| | |
|---------------------------|--------------------|
| Grant Date | 25 Sep 2024 |
| Share price at grant date | £1.16 |

| | |
|-------------------------|--------|
| Exercise price | £0.01 |
| Dividend yield | 2.37% |
| Risk-free interest rate | 3.75% |
| Volatility | 39.20% |

Note 27 ULTIMATE CONTROLLING PARTY

The Directors have assessed that there is no ultimate controlling party.

Note 28 BUSINESS COMBINATIONS

Acquisition in 2023.

Acquisition of Phillips Aerospace

During the prior year, on 6 September 2023, the Group acquired 100% of the voting shares of Phillips Aerospace Limited, a non-listed company based in the USA and specialising in the development and manufacture of industrial products and associated services, in exchange for the Company's shares and cash. The Group acquired Phillips Aerospace Limited because its strategy was to use the Phillips business and diversify it into actual systems, offering it additionally to the Group's customer base, as well as gaining Phillips' customer relationships. These expansion, growth and export opportunities provide an established presence in North America.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of Phillips Aerospace Limited as at the date of acquisition were:

| Assets: | Fair value recognised on acquisition (£) |
|--|--|
| Tangible fixed assets | 20,032 |
| Working capital | 140,560 |
| Cash and cash equivalent | 146,610 |
| Borrowings | (667,120) |
| Deferred tax | (339,875) |
| Net (liabilities) on acquisition | (699,793) |
| Separately identifiable intangible assets on acquisition | 1,889,624 |
| Goodwill on acquisition | 815,602 |
| Total fair value of capital invested | 2,005,434 |

The deferred tax liability comprises the tax effect of the accelerated depreciation for tax purposes of tangible and intangible assets.

Separately identifiable intangible assets comprise of customer relationships: £1,436,181 License £487,163, technology know-how £195,625 and assembled workforce £195,625.

The goodwill of £815,602 comprises the value of expected synergies arising from the acquisition and a customer list, which is not separately recognised.

From the date of acquisition, Phillips Aerospace Limited contributed £819,500 of revenue and £201,000 to profit before tax from continuing operations of the Group.