

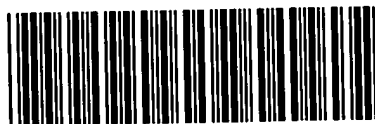
KIGEN (UK) LIMITED

Annual Report and Financial Statements

For the Year Ended 31 March 2024

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Kigen (UK) Limited

Financial Statements

For the financial year ended 31 March 2024

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Kigen (UK) Limited
Financial Statements
For the financial year ended 31 March 2024

Company Information

Directors	Vincent Korstanje Andreas Hansson Nahoko Hoshino
Secretary	Baker & McKenzie Global Services NI Limited City Quays One 7 Clarendon Road Belfast BT1 3BG
Bankers	Barclays PLC 1 Churchill place London EH14 5HP
Solicitors	Reed Smith Reed Smith Centre 225 Fifth Avenue Pittsburgh 15222 United States
Auditors	Grant Thornton (NI) LLP Chartered Accountants & Statutory Audit Firm 12 – 15 Donegall Square West Belfast BT1 6JH
Registered office	C/O Mishcon De Reya 4 Station Square Cambridge England CB1 2GE
Registered number	12780803

Kigen (UK) Limited

Strategic Report

For the financial year ended 31 March 2024

The directors present their Strategic Report for Kigen (UK) Limited (the "group") for the financial year ended 31 March 2024.

Principal Activities

The principal activities of the group are that of research and development of Internet of Things ("IoT") related technology, specifically in SIM, eSIM and iSIM OS products to bring next generation security for the future of communications. Remote SIM provisioning and data generation services are provided in conjunction with an ecosystem of telecom operators, chip and module manufacturing partners and smart equipment manufacturers with the aim of providing secure global IoT solutions.

Revenue of the Business, Results and Dividends

The Group loss for the year after taxation amounted to \$16.0m (2023: loss \$14.6m).

The Group's revenue for the year ended 31 March 2024 was \$19.9 million (2023: \$16.1m). Revenues attributable to SIM, eSIM & iSIM were \$18.4m (2023: \$14.8m) and revenues attributable to server and other professional services were \$1.5m (2023: \$1.2m).

Cost of sales for the year ended 31 March 2024 were \$9.9m resulting in a gross profit of \$10m. Cost of sales consist of royalties associated with third party intellectual property and hardware.

Total operating costs for the year ended 31 March 2024 were \$26.8m (2023: \$22.9m) resulting in an operating loss of \$15.9m (2023: loss \$15.0m). Included within operating costs were \$6.0m of non-recurring costs for legal fees, case settlement and restructuring costs.

In June 2023 the group secured \$20m cash in exchange for preference shares from the immediate parent SVF UU EU (Aggregator) DE LLC, alongside Arm Technology Investments limited 2, to continue the second phase of its five year plan. In line with the principal activities of the group, the company is in a research and development phase.

Key Performance Indicators

The key performance indicators (KPI's) are:

	2024	2023
Revenue	\$19.9m	\$16.1m
Adjusted EBITDA (loss)	(\$7.6)m	(\$11.9)m
EBITDA (loss)	(\$13.4)m	(\$13.5)m
Headcount ¹	162	177

Adjusted EBITDA includes non-recurring operating costs for exceptional items (\$6m); and gain on foreign exchange (\$0.2m).

¹ Year-end Number

Kigen (UK) Limited

Strategic Report

For the financial year ended 31 March 2024

Future Developments

The company remains committed to its vision of securing device and data for a trusted digital future and will continue to invest in the development of IoT related technologies, specifically in eSIM and iSIM OS products. The directors expect that the Group will continue to generate a loss in the very short term, as it continues to invest in research and development of its key mission.

Principal risks and uncertainties

Softbank Group Corp is the ultimate parent company of the SVF II EU Aggregator (DE) LLC who is the immediate parent of Kigen (UK) Limited. The directors and senior leadership team of Kigen (UK) Limited manage the risks of the Kigen Group. The principal risks and uncertainties of the Group, which include those of the Company, are:

- A change in the industry business dynamic may lead to loss of market share and/or reduction in value of IP;
- A competitor's product or technology may lead to loss of market share;
- Supply chain disruption as a result of the ongoing conflicts in Ukraine and geopolitical pressures on Chinese semiconductors could impact global demand for electronic products, leading to smaller end-markets and increased price competition
- Significant concentration in our customer base may increase the risk to the Group's growth ambitions;
- IP infringement risk and liability;
- Recruitment and retention of skilled staff, particularly in respect of research and development;
- Cyber-attack risk; and
- The Group could suffer a loss of revenue, or an increase in costs, as a result of the impact of geopolitical factors, such as international trade disputes, which limit the Group's ability to transact with customers in certain jurisdictions.

The Group has a robust risk management committee and internal control processes in place to review and identify key risks. This involves assigning ownership for each risk at a senior management level; identifying both existing and planned management activities to mitigate each risk, assess the residual likelihood and impact of each risk; and ensure ongoing monitoring and reporting of each key risk.

Employee involvement and disabled employees

The company consults with employees on significant developments, major products and on matters affecting them. Consultation with employees or their representatives at all levels is a core part of the business ethos, to ensure that their views and wellbeing are considered, specifically when operational, financial or economic decisions may impact on the Group. The company also has active health and safety policies and procedures at each office.

Kigen (UK) Limited


Strategic Report

For the financial year ended 31 March 2024

Employee involvement and disabled employees (continued)

The company considers applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a disabled person. Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees.

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Vincent Korstanje
Director

30 November 2024

Kigen (UK) Limited

Directors' Report

For the financial year ended 31 March 2024

Corporate information

The Company is a private limited company formed under UK law. The Company, together with its direct and indirect wholly owned subsidiaries, are collectively referred to as "we," "us," "our," "Kigen" or the "group". The immediate parent of the Company is SVF II EU Aggregator (DE) LLC. The ultimate parent is Softbank Group Corp.

Principal activities

The principal activities of the group are that of research and development of Internet of Things ("IoT") related technology, specifically in SIM, eSIM and integrated SIM OS products to bring next generation security to the digital economy. Remote SIM provisioning and data generation services are provided in conjunction with an ecosystem of telecom operators, chip and module manufacturing partners and smart equipment manufacturers with the aim of providing secure global IoT solutions.

Matters contained in the strategic report

As permitted by Section 414 (c) (11) of the Companies Act 2006, the directors have elected to disclose information required to be in the directors' report by Schedule 7 of the "Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008", in the Strategic report.

Results and dividends

The loss for the financial year amounted to \$16.0m (2023: loss \$15m).

No dividend was paid in 2024 (2023: \$NIL). The directors do not recommend a final dividend.

Future developments

The section on future developments, which is detailed in the Strategic report, is included in this report by cross reference.

Directors

The directors of the Group who served during the year and up to the date of the signing of the financial statements were:

Vincent Korstanje
Andreas Hansson
Nahoko Hoshino

Kigen (UK) Limited

Directors' Report

For the financial year ended 31 March 2024

Research and development activities

The Group opted into the Research and Development Tax Credit scheme during the year. Under the terms of the scheme a taxable research and development expenditure credit of \$881,000 (2023: \$550,000) is expected to be received in relation to expenditure in preceding periods.

Financial risk management

Credit Risk:

The Company's principal financial assets are bank balances and cash, and trade and other receivables. The Company's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of allowances for doubtful receivables and expected credit loss default. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk:

To maintain liquidity and ensure that sufficient funds are available for ongoing operations and future developments, the Company's policy is to maintain balances of cash and cash equivalents, and short and long-term deposits and similar instruments, such that the highly liquid resources exceed the Company's projected cash outflows at all times.

Cash flow risk:

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The majority of interest-bearing assets and liabilities are held at a fixed rate to ensure certainty of cash flows. Where possible, the Company manages its currency exposure by seeking to match currency inflows and outflows.

Supply Chain risk:

Other risks faced are product availability, particularly in respect of Silicon used for hardware. The security of product supply is monitored by the business on an ongoing basis with regular reviews such as supplier strength and quality of products.

Overseas branches

The parent company has registered branches in the Republic of Ireland and Singapore.

Kigen (UK) Limited

Directors' Report

For the financial year ended 31 March 2024

Going Concern

The directors have a reasonable expectation that the Group and the Company will continue in operational existence for the foreseeable future. The directors have carried out a range of scenarios to demonstrate the possible performance of the company and the group over the next 5 years.

These forecasts include a number of estimates and assumptions pertaining to revenue growth, cost base, operating margins and capital expenditure. In the event that the revenue growth projections are not met, the company have demonstrated that they have the ability to redact a number of cost related activities to ensure that the company and the group do not breach their working capital requirements. Given the nature of the business, this is considered a significant estimate.

In addition to the above, the directors' are satisfied that the company and the group can continue on a going concern basis due to the ongoing financial support on amounts due for repayment and working capital requirements which has been committed by the ultimate parent undertaking for a period of at least 12 months from the date of this report.

Subsequent events

Post year end, in May 2024 the group concluded its latest fundraise, securing an injection of cash from existing shareholders. This latest fundraise will facilitate the continued investment in research & development of IoT related products. The additional fundraise amounted to \$15m in exchange for preference shares. The funds will be used to support the Group's working capital and short-medium term growth plans.

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the United Kingdom (UK-adopted IAS), and in compliance with the Companies Act 2006.

Disclosure of information to the auditor

Each of the persons who are directors at the time when the Directors' report was approved have confirmed that:

- So far as the directors are aware, there is no relevant audit information of which the Company and the Group's auditor is unaware; and
- The director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Kigen (UK) Limited
Directors' Report
For the financial year ended 31 March 2024

Auditor

The auditor, Grant Thornton (NI) LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf by:

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Vincent Korstanje
Director

30 November 2024

Kigen (UK) Limited

Directors' responsibilities statement in respect of the financial statements

For the financial year ended 31 March 2024

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

Company law requires the Directors to prepare consolidated and company financial statements and for each financial year. Under that law they have elected to prepare consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the UK – (UK adopted IAS).

Under the Company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the Group and the Company's assets, liabilities and financial position and of the profit or loss of the Group for each financial year and otherwise comply with the Companies Act 2006.

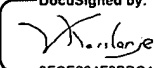
In preparing these financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with appropriate accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the assets, liabilities and financial position of the Group and the Company and enable them to ensure that its financial statements and directors' report comply with the Companies Act 2006 and enable the financial statements to be audited. They are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and the Company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in the Directors' reports may differ from legislation in other jurisdictions.

On behalf of the board as of 30 November 2024

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Vincent Korstanje

CEO

Kigen (UK) Limited

Independent auditor's report to the members of Kigen (UK) Limited

For the financial year ended 31 March 2024

Opinion

We have audited the financial statements of Kigen (UK) Limited ("the Company") and its subsidiaries ("the Group"), which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Other Comprehensive Income, the Consolidated and the Company statement of financial position, the Consolidated statement of cash flows and the Consolidated and the Company statement of changes in equity for the year ended 31 March 2024, and the related notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK-adopted international accounting standards (UK-adopted IAS).

In our opinion, Kigen (UK) Limited's financial statements:

- give a true and fair view in accordance with UK-adopted IAS of the assets, liabilities and financial position of the Group and the Company as at 31 March 2024 and of the Group financial performance and cash flows for the year then ended; and
- have been properly prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under those standards are further described in the 'Responsibilities of the auditor for the audit of the financial statements' section of our report. We are independent of the Group and the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the FRC's Ethical Standard and the ethical pronouncements established by Chartered Accountants Ireland, applied as determined to be appropriate in the circumstances for the Group and the Company. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue. Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Kigen (UK) Limited

Independent auditor's report to the members of Kigen (UK) Limited

For the financial year ended 31 March 2024

Other information

Other information comprises information included in the annual report, other than the financial statements and our auditor's report thereon, including the Directors' Report and the Strategic Report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies in the financial statements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Kigen (UK) Limited

Independent auditor's report to the members of Kigen (UK) Limited

For the financial year ended 31 March 2024

Responsibilities of management and those charged with governance for the financial statements

As explained more fully in the Directors' responsibilities statement, management is responsible for the preparation of the financial statements which give a true and fair view in accordance with UK-adopted international accounting standards and for such internal control as directors determine necessary to enable the preparation of financial statements are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group and the Company's financial reporting process.

Responsibilities of the auditor for the audit of the financial statements

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

A further description of an auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatement in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Kigen (UK) Limited

Independent auditor's report to the members of Kigen (UK) Limited

For the financial year ended 31 March 2024

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to compliance with Data Privacy law, Employment Law, and Pensions Legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the local law and tax Companies Act 2006 and UK tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial performance and management bias through judgements and assumptions in significant accounting estimates, in particular in relation to significant one-off or unusual transactions. We apply professional scepticism through the audit to consider potential deliberate omission or concealment of significant transactions, or incomplete/inaccurate disclosures in the financial statement.

In response to these principal risks, our audit procedures included but were not limited to:

- enquiries of management on the policies and procedures in place regarding compliance with laws and regulations, including consideration of known or suspected instances of non-compliance and whether they have knowledge of any actual, suspected or alleged fraud;
- inspection of the group's regulatory and legal correspondence and review of minutes of board meetings during the year to corroborate inquiries made;
- gaining an understanding of the internal controls established to mitigate risk related to fraud;
- discussion amongst the engagement team in relation to the identified laws and regulations and regarding the risk of fraud, and remaining alert to any indications of non-compliance or opportunities for fraudulent manipulation of financial statements throughout the audit;
- identifying and testing journal entries to address the risk of inappropriate journals and management override of controls;
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing;
- challenging assumptions and judgements made by management in their significant accounting estimates, including management's assessment of going concern, estimating useful life of depreciable assets and useful life of intangible assets; estimation used in accounting for share based payments, calculating the expected credit loss on financial assets; and estimates used in assessing the entities impairment of assets; and
- review of the financial statement disclosures to underlying supporting documentation and inquiries of management.

Kigen (UK) Limited
Independent auditor's report to the members of Kigen (UK)
Limited
For the financial year ended 31 March 2024

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)

The primary responsibility for the prevention and detection of irregularities including fraud rests with those charged with governance and management. As with any audit, there remains a risk of non-detection or irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or override of internal controls.

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

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



Ms Louise Kelly (Senior Statutory Auditor)

For and on behalf of Grant Thornton (NI) LLP

Chartered Accountants & Statutory Auditors

Belfast

Northern Ireland

Date: 2 December 2024

Kigen (UK) Limited
Consolidated Profit and Loss Account
For the financial year ended 31 March 2024

Thousands of dollars	Note	31 March 2024	31 March 2023
		\$000	\$000
Revenue	4	19,855	16,108
Cost of sales		(9,899)	(8,899)
Gross profit		9,956	7,209
Operating expenses			
Research and development credits		881	726
General and administrative expenses	6	(26,750)	(22,900)
Loss from operating activities		(15,913)	(14,965)
Finance income	7	126	14
Finance expense	7	(95)	(73)
Loss before income tax		(15,882)	(15,024)
Income tax (expense)/credit	10	(82)	401
Loss for the year attributable to equity holders of the parent		(15,964)	(14,623)

Consolidated Statement of other Comprehensive Income

Thousands of dollars	Year ended 31	Year ended
	March 2024	31 March 2023
	\$000	\$000
Loss for the year attributable to the equity holders	(15,964)	(14,623)
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss		
Exchange differences on the translation of foreign subsidiaries	(820)	(2,263)
Other comprehensive expense for the year/period.	(820)	(2,263)
Total comprehensive income for the year, net of tax attributable to the equity holders of the parent	(16,784)	(16,886)

All amounts relate to continuing operations.

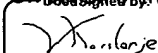
The accompanying notes on page 22 to 62 are an integral part of these financial statements.

Kigen (UK) Limited
Consolidated Statement of Financial Position
As at 31 March 2024

Thousands of dollars	Note	2024 \$000	2023 \$000
Assets			
Non-current assets			
Property, plant and equipment	11	1,760	2,720
Right-of-use assets	19	88	1,675
Intangible assets	12	8,377	3,683
Trade and other receivables	15	6,540	6,281
Deferred tax assets		20	24
Total non-current assets		16,785	14,383
Current assets			
Inventories	14	1,712	1,057
Trade and other receivables	15	15,075	6,926
Cash and cash equivalents	16	2,427	7,115
Corporation tax receivable		131	666
Total current assets		19,345	15,764
Total assets		36,130	30,147
Equity and liabilities			
Capital			
Share capital	17	-	-
Preference shares		432	-
Share premium		94,346	74,778
Other reserve		525	525
Currency translation reserve		(3,697)	(2,877)
Accumulated deficit		(72,027)	(56,063)
Total equity attributable to equity holders		19,579	16,363
Non-current liabilities			
Lease liabilities	19	-	1,434
Long term other payables	18	3,073	1,767
Total non-current liabilities		3,073	3,201
Current liabilities			
Trade payables and accrued expenses	18	12,558	9,709
Deferred revenue	18	266	66
Lease liabilities	19	179	355
Other provisions (current proportion)	21	475	453
Total current liabilities		13,478	10,583
Total liabilities		16,551	13,784
Total equity and liabilities		36,130	30,147

The accompanying notes are an integral part of these financial statements.

On behalf of the board as of 30 November 2024



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 Director
 Vincent Korstanje

Registered number 12780803

Kigen (UK) Limited

Consolidated Statement of Cash Flows

For the financial year ended 31 March 2024

Thousands of Dollars	Note	2024 \$000	2023 \$000
Operating activities			
Loss for the financial year		(15,964)	(14,623)
Adjustments for:			
Net finance expense/(income)	7	(31)	59
Depreciation of tangible assets	11	1,187	786
Amortisation of Right-of-Use Assets	19	328	342
Amortisation of Intangible Assets	12	1,024	284
Income tax credit/expense	10	82	(401)
R&D Tax Credit	10	(881)	(726)
Operating loss before working capital changes		(14,255)	(14,279)
Change in inventories	14	(655)	(536)
Change in trade and other receivables	15	(8,063)	(1,960)
Change in trade payables and accrued expenses	18	4,261	(2,495)
		(18,712)	(19,270)
Income tax paid	10	933	389
Interest income received	7	126	(59)
Net cash used in operating activities		(17,653)	(18,940)
Investing activities			
Purchase of property, plant and equipment	11	(215)	(1,177)
Intangible assets	12	(5,661)	(3,497)
Net cash used in investing activities		(5,876)	(4,674)
Financing activities			
Leasehold repayments	19	(413)	(223)
Interest paid on lease	19	91	-
Amounts received from investments from parent undertaking		20,000	-
Net cash inflows from financing activities		19,678	(223)
Net decrease in cash and cash equivalents		(3,851)	(23,838)
Cash and cash equivalents at the beginning of the financial year	16	7,115	32,991
Net foreign exchange adjustments on cash balances		(837)	(2,039)
Cash and cash equivalents at the end of the financial year	16	2,427	7,115

Kigen (UK) Limited
Consolidated Statement of Changes in Equity
For the financial year ended 31 March 2024

Thousands of Dollars	Note	Equity Share Capital ² \$000	Preference shares \$000	Share premium \$000	Translation reserve \$000	Other Reserve \$000	Profit and loss account \$000	Total Equity \$000
As at 1 April 2022		-	-	74,778	(688)	525	(41,440)	33,175
Loss for the financial period		-	-	-	-	-	(14,623)	(14,623)
Other comprehensive income		-	-	-	(2,189)	-	-	(2,189)
Total comprehensive expense for the period		-	-	-	(2,189)	-	(14,623)	(16,812)
Balance at 31 March 2023		-	-	74,778	(2,877)	525	(56,063)	16,363
Loss for the period		-	-	-	-	-	(15,964)	(15,964)
Other comprehensive expense		-	-	-	(820)	-	-	(820)
Total comprehensive income for the year		-	-	-	(820)	-	(15,964)	(16,784)
Transactions with owner, recorded directly in equity								
Issue of shares	17	-	432	19,568	-	-	-	20,000
Total transactions with owners		-	432	19,568	-	-	-	20,000
Balance at 31 March 2024		-	432	94,346	(3,697)	525	(72,027)	19,579

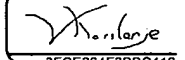
² Equity share capital as at 31 March 2024 was £1 of ordinary shares (2023: £1 of ordinary shares)

Kigen (UK) Limited
Company Statement of Financial Position
As at 31 March 2024

Thousands of Dollars	Note	2024 \$000	2023 \$000
Assets			
Non-current asset			
Property Plant and Equipment	11	599	1,520
Right-of-use asset	19	70	1,652
Intangible Assets	12	7,987	3,290
Investments	13	3,109	3,053
Trade and other receivables	15	6,540	6,281
Total non-current assets		18,305	15,796
Current assets			
Inventory	14	1,712	1,057
Trade and other receivables	15	9,956	7,247
Cash and cash equivalents	16	1,590	4,777
Corporation tax receivable		121	-
Total current assets		13,379	13,081
Total assets		31,684	28,877
Equity and liabilities			
Equity			
Share capital	17	-	-
Preference shares		432	-
Share premium		94,346	74,778
Accumulated deficit (including a loss of \$20,629,000 for the current financial year (2023: \$15,350,000))		(78,115)	(57,486)
Foreign currency reserve		55	35
Total equity attributable to equity holders of the Company		16,718	17,327
Non-current liability			
Long term accrued expenses	18	2,503	1,659
Lease liability	19	-	1,434
Total non-current liabilities		2,503	3,093
Current liability			
Trade payables and accrued expenses	18	11,616	7,648
Deferred revenue	18	266	66
Lease Liability	19	140	316
Short term provision	21	441	427
Total current liabilities		12,463	8,457
Total liabilities		14,966	11,550
Total equity and liabilities		31,684	28,877

The accompanying notes are an integral part of these financial statements.

On behalf of the board as of 30 November 2024


 Director
 3EECE284F3B8C419...
 Vincent Korstanje

Registered number

12780803

Kigen (UK) Limited
Company Statement of Changes in Equity
For the financial year ended 31 March 2024

	Note	Equity Share Capital ² above \$000	Preference Shares \$000	Share premium \$000	Translation reserve \$000	Profit and loss account \$000	Total Equity \$000
Thousands of Dollars							
As at 1 April 2022		-	-	74,778	(624)	(42,136)	32,018
Loss for the financial period		-	-	-	-	(15,350)	(15,350)
Other comprehensive income		-	-	-	659	-	659
Total comprehensive expense for the period		-	-	-	659	(15,350)	(14,591)
Balance at 31 March 2023		-	-	74,778	35	(57,486)	17,327
Loss for the period		-	-	-	-	(20,629)	(20,629)
Other comprehensive expense		-	-	-	20	-	20
Total comprehensive income for the year		-	-	-	20	(20,629)	(20,609)
Transactions with owner, recorded directly in equity							
Issue of shares	17	-	432	19,568	-	-	20,000
Total transactions with owners		-	432	19,568	-	-	20,000
Balance at 31 March 2024		-	432	94,346	55	(78,115)	16,718

Kigen (UK) Limited

Notes to the consolidated financial statements

For the financial year ended 31 March 2024

1. General Information

Kigen (UK) Limited (the "Company"), is a company incorporated and domiciled in the United Kingdom, with a registered address as shown in the Company Information page. The Company is a private company, limited by shares. The consolidated financial information presented herein refers to Kigen (UK) Limited and its subsidiaries, collectively, "the Group". The Group operates throughout the United Kingdom, Europe, Asia and the United States.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below:

(a) Basis of preparation and statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the United Kingdom (UK-adopted IAS) and the Companies Act 2006. The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income.

The individual (Company) financial statements of Kigen (UK) Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

The preparation of financial statements in compliance with UK-adopted IAS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies. Refer to note 4.

The financial statements are presented in United States Dollar ('\$'), rounded to the nearest thousands, except where otherwise stated. The functional currency of the parent company is pound sterling.

Going Concern

The directors have a reasonable expectation that the Group and the Company will continue in operational existence for the foreseeable future. The directors have carried out a range of scenarios to demonstrate the possible performance of the company and the group over the next 5 years. These forecasts include a number of estimate and assumptions pertaining to revenue growth, cost base, operating margins and capital expenditure. In the event that the revenue growth projections are not met, the company have demonstrated that they have the ability to redact a number of cost related activities to ensure that the company and the group do not breach their working capital requirements. Given the nature of the business, this is considered a significant estimate.

Kigen (UK) Limited

Notes to the consolidated financial statements

For the financial year ended 31 March 2024

In addition to the above, the directors are satisfied that the company and the group can continue on a going concern basis due to the going financial support on amounts due for repayment and working capital requirements which has been committed by the ultimate parent undertaking for a period of at least 12 months from the date of this report.

The directors have obtained a letter of support from Softbank Vision Fund II-2 L.P that commits to support the Company's operating cash needs and meet its debts as they fall due for the twelve-month period following approval of these financial statements.

(b) Exemptions for qualifying entities under FRS 101 and the Companies Act 2006

FRS 101 and the Companies Act 2006 allowed a qualifying entity certain disclosure exemptions in its individual financial statements:

- a statement of cashflows and related notes;
- disclosures in respect of transactions with wholly owned subsidiaries;
- disclosures in respect of capital management;
- the effects of new but not yet effective IFRSs;
- disclosures in respect of key management compensation; and
- certain disclosures required by IFRS 13 Fair value measurement and the disclosures required by IFRS 7 Financial instruments disclosures.

(c) New or revised Standards or Interpretations

Newly adopted standards

The following amendments to standards have become effective for the first time for annual reporting periods commencing on or after 1 January 2023 and have been adopted in preparing these financial statements:

- Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies;
- Amendments to IAS 8 – Definition of Accounting Estimates; and
- Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction;
- Amendments to IFRS 17: Insurance Contracts;
- Amendments to IAS 12: International Tax Reform — Pillar Two Model Rules.

The adoption of these amendments had no material impact on the financial statements.

Adopted IFRS not yet applied

At the date of approval of these financial statements, the following amendments to IFRS which have not been applied in these financial statements were in issue but not yet effective until annual periods beginning on or after 1 January 2024:

- Amendments to IAS 1 - Classification of Liabilities as Current or Non-current;

Kigen (UK) Limited

Notes to the consolidated financial statements

For the financial year ended 31 March 2024

- Amendment to IFRS 16 – Leases on Sale and Leaseback;
- Amendment to IAS 1 – Non-current liabilities with covenants;
- Amendment to IAS 7 and IFRS 7 – Supplier finance; and
- Amendments to IAS 21 – Lack of Exchangeability.

The adoption of these amendments is not expected to have a material impact on the consolidated and Company financial statements.

(d) Basis of consolidation

Subsidiaries are entities controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
 - Exposure, or rights, to variable returns from its involvement with the investee; and
 - The ability to use its power over the investee to affect its returns.
- Generally, when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
- The contractual arrangement(s) with the other vote holders of the investee;
 - Rights arising from other contractual arrangements; and
 - The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are fully consolidated from the date that control commences until the date that control ceases. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. Intra-group balances and any unrealised gains or losses or income or expenses arising from intra-group transactions are eliminated in preparing the Group financial statements. The financial year end for the Company and the Group is 31 March.

(e) Foreign currency transactions

Functional and reporting currency

The Group's consolidated financial statements are presented in U.S. dollar. The functional currency of the Company is pound sterling.

For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Kigen (UK) Limited

Notes to the consolidated financial statements

For the financial year ended 31 March 2024

Transactions and balances

Transactions in currencies other than the functional currency of the Group entities are recorded at the exchange rates prevailing at the dates the related transactions first qualify for recognition. Foreign exchange gains and losses resulting from the settlement of such transactions, as well as from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the statement of comprehensive loss. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are translated to the respective functional currencies of the Group entities at the rates prevailing on the relevant balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

Foreign operations

On consolidation, the assets and liabilities of foreign operations are translated into U.S. dollar at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at the average exchange rates during the year. The exchange differences arising on translation for consolidation are recognised in other comprehensive income (OCI). On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

(f) Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

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

Kigen (UK) Limited

Notes to the consolidated financial statements

For the financial year ended 31 March 2024

(g) Revenue recognition

Revenue is attributable to the research and development of Internet of Things ("IoT") related technology, specifically in SIM, eSIM and iSIM OS products.

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods to its customers.

The Group enters into transactions involving the sale of its products. Revenue is recognised upon delivery of the performance obligation as defined in the customer contract. The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as deferred revenue in the statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

OS Licenses

The performance obligation for this revenue stream is deemed to be at a point in time, when the contractual deliverable has been received by the customer which is a single performance obligation. When the deliverable is provided to the customer, the risk and rewards have transferred. The transaction price is allocated to the service provided based on the relative stand-alone selling price. The transaction price is net of amounts collected on behalf of third parties. From time to time, invoicing and cash collection of this revenue occurs after the performance obligation has been met which results in a balance relating to contract assets which is set out in note 15.

Hardware sales

The performance obligation for this revenue stream is deemed to be at a point in time, when the product has been received by the customer which is a single performance obligation. When the product is provided to the customer, the risk and rewards have transferred. The transaction price is allocated to the service provided based on the relative stand-alone selling price. The transaction price is net of amounts collected on behalf of third parties.

Kigen (UK) Limited

Notes to the consolidated financial statements

For the financial year ended 31 March 2024

Consultancy and support services

The performance obligation for this revenue stream is deemed to be at a point in time, when the service has been received by the customer which is a single performance obligation. When the product is provided to the customer, the risk and rewards have transferred. The customer cannot benefit from the services until they have been delivered in entirety. The transaction price is allocated to the service provided based on the relative stand-alone selling price. The transaction price is net of amounts collected on behalf of third parties.

(h) Property, plant and equipment

Property, plant and equipment are initially recognised at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the Group's management.

Property, plant and equipment is carried at historical cost less accumulated depreciation and impairment losses. All other repair and maintenance costs are charged to the statement of comprehensive loss as incurred.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

Depreciation is calculated using the straight-line method to allocate the cost of property, plant and equipment less estimated residual values over their estimated useful lives as follows:

Other fixed assets including plant and computer equipment: 5 years

Furniture and fittings: 3-10 years

Leasehold improvements: Depreciated over the lease term or the estimated useful life of the related asset whichever is shorter.

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted prospectively, if appropriate. Assets under construction are not depreciated until they are brought into use.

(i) Inventories

Inventories are valued at the lower of cost or net realizable value. Kigen uses actual cost to value its inventory which is made up of raw materials. The Group accounts for the inventory using the first-in, first-out ("FIFO") method. An inventory valuation adjustment is made if the net realizable value is lower than the book value. Net realizable value is determined as estimated selling prices less all costs of completion and costs incurred in selling and distribution.

Kigen (UK) Limited

Notes to the consolidated financial statements

For the financial year ended 31 March 2024

(j) Financial instruments

Recognition and derecognition

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

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs, if any.

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- Amortised cost
- Fair value through profit or loss (FVTPL)
- Fair value through other comprehensive income (FVOCI)

The Group does not have any financial assets categorised as FVTPL and FVOCI as at 31 March 2024 and 2023.

The classification is determined by both:

- The Group's business model for managing the financial asset
- The contractual cash flow characteristic of the financial asset

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- 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, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents and trade receivables fall into this category of financial instruments.

Kigen (UK) Limited

Notes to the consolidated financial statements

For the financial year ended 31 March 2024

Interest income

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR) method. The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in the statement of comprehensive loss.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables and Contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group assesses ECL based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Classification and initial measurement of financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables and accrued expenses, interest bearing loans and borrowings, preferred shares and long term accrued expenses.

Classification and subsequent measurement of financial liabilities

Financial liabilities are measured subsequently at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance expense or finance income.

Payables

This category pertains to financial liabilities that are not held for trading or not designated as at FVTPL upon the inception of the liability.

Kigen (UK) Limited

Notes to the consolidated financial statements

For the financial year ended 31 March 2024

These include liabilities arising from operations (e.g., accounts payable, accrued liabilities). Payables are recognized initially at fair value and are subsequently carried at amortized cost.

This accounting policy applies to the Group's trade and other payables excluding statutory liabilities (see note 18).

Loans and borrowings

After initial recognition, loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to the Group's interest-bearing loans and borrowings including leased assets (see note 19).

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

(k) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset (goodwill, property plant and equipment, investments in subsidiaries, intangible assets and right-of-use-assets) may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit "CGU's" fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. For assets where an impairment loss subsequently reverses, the carrying amount of the asset (CGU) 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 (CGU) in prior years. A reversal of an impairment loss is recognised immediately in the statement of comprehensive loss.

Kigen (UK) Limited

Notes to the consolidated financial statements

For the financial year ended 31 March 2024

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits (with less than 3 months maturity) and are subject to an insignificant risk of change in value. Cash or cash equivalents that are restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period are included as part of non-current assets.

(m) Equity instruments

Equity instruments issued by the Group are recorded at the proceeds received net of directly attributable issue costs. Equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Ordinary shares

Ordinary shares are classified as equity.

Common control transactions

Transactions under common control are transactions under which all the combining entities or businesses are ultimately controlled by the same party, both before and after the transaction, and that control is not transitory. The Group has adopted the predecessor book value accounting for common control transactions involving acquired businesses. The Group's application of predecessor book value accounting requires the acquiring entities financial statements to be prepared using predecessor carrying values from the highest level of consolidation as at the date of the transaction. No adjustments are made to reflect fair values and the comparative periods prior to the transaction date are not restated, such that the transferred businesses results and carrying amounts of assets and liabilities are reported prospectively from the date of the acquisition. Acquisition costs are expensed when incurred.

(n) Finance costs and income

Finance costs and income are recognized using the effective interest rate method. Finance costs consist of interest expenses incurred on loans and leases. Finance income is derived from interest on funds invested. The foreign exchange gains and losses arising on the retranslation of foreign currency balances are also included within finance costs and income.

Kigen (UK) Limited

Notes to the consolidated financial statements

For the financial year ended 31 March 2024

(o) Research and development

Research expenditure is undertaken with the prospect of gaining new scientific or technical knowledge and understanding. This expenditure mainly comprises of cost of materials, direct labour and overheads. The Group considers uncertainties inherent in the development of its products in the first stages of development preclude it from capitalising development costs. Accordingly, all of the Group's costs related to research and development are recognised as expenses in the statement of comprehensive loss when incurred.

(p) 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 the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Group has the right to direct the use of the identified asset throughout the period of use. The Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist. At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Kigen (UK) Limited

Notes to the consolidated financial statements

For the financial year ended 31 March 2024

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets and lease liabilities have been separately presented.

The Group has benefitted from the use of hindsight for determining the lease term when considering to extend and terminate leases.

(g) Taxation

Tax expense comprises recognized in profit or loss comprises the sum of current and deferred tax not recognized in other comprehensive income or directly in equity.

Current tax is the expected tax payable or receivable on the taxable result for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable or receivable in respect of the previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; and
- temporary differences related to subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates at which the temporary differences are expected to reverse, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset where the entity has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxation authority. Deferred tax assets are recognised to the extent that it is probable that there will be taxable profits in the foreseeable future against which they can be utilised.

Kigen (UK) Limited

Notes to the consolidated financial statements

For the financial year ended 31 March 2024

(r) Provisions and contingencies

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

A present obligation arises from the presence of legal or constructive commitment that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted to their present values, where the time value of money is material. All provisions are reviewed at each statement of financial position date and are adjusted to reflect the current best estimate.

Any reimbursement that the Group is virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

(s) Segment information

The Group operates in one operating segment. The Group's chief operating decision maker (the "CODM"), its Chief Executive Officer together with the leadership senior management team, manages the Group's operations on an integrated basis for the purposes of allocating resources.

(t) Intangible assets

Acquired intangibles are capitalised on the basis of the costs incurred to acquire and bring the specific asset into use. These costs are measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is calculated using the straight-line method over their estimated useful lives as follows:

Software	3 years
Capitalised Development Costs	5 years

An intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income.

Kigen (UK) Limited

Notes to the consolidated financial statements

For the financial year ended 31 March 2024

Amortisation has been included within other operating expenses in the statement of comprehensive loss. The company follows the same impairment policy with property, plant and equipment. Assets which have not brought in to use, have not been amortised.

(u) Share-based payments

The company operates a cash-settled share-based payment scheme for certain employees. The fair value of the options issued is determined the period end date and charged to the profit and loss account over the vesting period. The credit entry is recorded within a share-based payment liability.

The fair value is re-measured at each reporting date using the black-Scholes model, which is well-accepted model for the valuation of share options where there are no market conditions attached. Non-market vesting conditions are taken into account by adjusting the number of options expected to vest at each Statement of Financial Position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of share options that actually exist.

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Notes to the consolidated financial statements

For the financial year ended 31 March 2024

3. Critical accounting estimates and judgements

The preparation of the financial information in conformity with IFRS requires management to make judgments, estimates and assumptions. Estimates are reviewed on an ongoing basis. Estimates and judgments are based on historical experience and on other factors that are reasonable under current circumstances. Actual results may differ from these estimates if these assumptions prove to be incorrect or if conditions develop other than as assumed for the purposes of such estimates. There were no significant judgements in applying the accounting policies. The following are the critical areas requiring estimates and judgements:

Judgements:

Going concern

As described in the basis of preparation and going concern in note 2(a) above, the validity of the going concern assumption is dependent on the ability of the Group to obtain additional funding from external sources and/or from its sole investor. Without such funding, the Group's existing capital resources are not sufficient to fund operating cash needs for a period of at least 12 months from the date of the approval of these financial statements. After making enquiries and considering the matters referred to in note 2(a), the Directors have a reasonable expectation that the Group and the Company will receive the funds necessary to continue its operations for a period of at least 12 months from the date of approval of the financial statements. For these reasons, the Directors continue to adopt the going concern basis of accounting in preparing the financial statements. Please refer to note 2(a) for information on going concern.

Capitalisation of intangible assets

The Group and the Company capitalises costs associated with the development of intangible assets which include capitalisation of employee time, consultant costs and materials. Judgement is involved in applying the capitalisation criteria of IAS 38, and determining the point at which the qualifying criteria is met, differentiating between development and research, and in assessing the useful life of the resulting development expenditure including an assessment of when those costs may be impaired. These judgements have a significant impact on the recognition of intangible assets.

In reviewing the principals on which the costs are capitalised, the directors have reviewed the nature of the work performed under the different phases of the various project streams. The deliverables and the milestones relating to these intangible project streams are compared with the criteria set out by IAS 38. Capitalised development costs have been disclosed in note 12.

Estimates:

Estimating useful life of depreciable assets

The annual depreciation charge depends primarily on the estimated lives of each type of asset. The Directors annually review these asset lives and adjust them as necessary to

Kigen (UK) Limited

Notes to the consolidated financial statements

For the financial year ended 31 March 2024

reflect current thinking of remaining useful lives in light of technological change, prospective economic utilisation and physical condition of the assets concerned. Changes in asset lives can have significant impact on depreciation charges for the period. The useful life of assets are disclosed in Note 2 and Note 11.

Estimating useful life of intangible assets – capitalised development costs

Intangible assets (excluding goodwill) are amortised. The group reviews the carrying amount at each balance sheet date, or if events occur which call into question the carrying value of the assets. The assumption relating to the future cash flows, estimated useful lives and discount rates are based on business forecasts and therefore inherently include an element of management judgement. Future events could cause assumptions used in these impairment tests to change, which may in turn mean future impairment charges should be recognised. The useful life of the intangible assets is 5 years except for software which is amortised over 3 years. An increase/decrease in the useful life of assets by one year to 1 year would result in an additional/reduction in charge to the profit and loss account of \$211,000/(\$204,000).

Impairment of assets

The assessment of the recoverable amount of property plant and equipment, intangible assets, and right-of-use assets and investment in subsidiaries, is made in accordance with IAS 36 Impairment of Assets. The Group performs an annual review in respect of indicators of impairment, and if such indicators exist, the Group and the Company are required to estimate the recoverable amount of the asset. Following this assessment, no impairment indicators exist at present at 31 March 2024. The Group's policy is to test non-financial assets for impairment annually, or if events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. The Group and the Company have considered whether there have been any indicators of impairment during the year to 31 March 2024, which required an impairment review to be performed. Based on this review, the directors have concluded that no impairment was necessary. The key estimates associated with this assessment have been disclosed in note 12 on intangible assets.

Share-based payments

There are a number of estimates used in the estimation of the remeasurement of the fair value of the share options using the black Scholes model. The key input into this model is the fair value of the ordinary shares as at the reporting date. The fair value was determined to equate to the market value per share based on a value at a point within the year. Had this share price increased/decreased by 10% the carrying value of the share based payment liability would have increased/decreased by \$10,000/(\$10,000).

The directors have made an estimate on the expected vesting period of the share-based payment scheme which is dependent on the specific events in the share option agreement. These estimates have been included in the calculation of the share based payment liability which has been accounted for the in the Group and Company accounts.

Kigen (UK) Limited

Notes to the consolidated financial statements

For the financial year ended 31 March 2024

Expected Credit Loss and recoverability of trade and other receivables

The Group's expected credit loss calculations are based on estimates of default rates. These are primarily based on historical default rates for the group for the preceding two-year period, together with specific knowledge of customers based on actual outcomes. Default rates applied to trade and other receivables represent a significant estimate since the company has material trade and other receivables (including contract assets) at the year end.

Inventory provision

The Group purchases and sells Sim Cards which are subject to changing consumer and technological demands. As a result, it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the need for an inventory provision, management considers the nature and condition of the stock, as well as applying assumptions around anticipated and actual post year end recoverable amount.

Kigen (UK) Limited

Notes to the consolidated financial statements

For the financial year ended 31 March 2024

4. Revenue

The Group's revenue primarily arises from the principal activities of the company, which have been detailed below.

Revenue by major product/service line

Thousands of dollars	2024 \$000	2023 \$000
OS License and other license subscription	16,104	13,280
Hardware	2,305	1,829
Consultancy and support services	1,446	999
	19,855	16,108

Revenue by geographical location

Thousands of dollars	2024 \$000	2023 \$000
EMEA	8,728	3,100
Asia and Rest of World	9,790	11,541
United States	1,337	1,467
	19,855	16,108

As of 31 March 2024, the Group has deferred revenue amounting to \$266,000 (2023: \$66,000)

In relation to upfront payments with respect to the sale of Group's products and services pertaining to revenue that was un-delivered.

As at 31 March 2024, the group has accrued revenue amounting to \$12,988,000 (before IFRS 9 ECL adjustment) (2023: \$7,485,000) in relation to revenue recognised and delivered but not yet invoiced with respect to the sale of the group's products and services. The company has recognised a potential default of \$191,000 (2023: \$128,000) against accrued revenue.

Kigen (UK) Limited
Notes to the consolidated financial statements
For the financial year ended 31 March 2024

5. Research and development expenses

Thousands of dollars	2024 \$000	2023 \$000
External research and development expenditure	16	57
Employee compensation	5,634	3,477
	5,650	3,534

6. General and administrative expenses

Thousands of dollars	2024 \$000	2023 \$000
Employee compensation		
- Wages and salaries cost*	11,072	15,562
- Other employee benefits – share based payment charge	580	427
- Contractor Costs	570	515
Legal and professional	175	1,030
Legal and professional (non-recurring)	5,433	-
Gain on foreign exchange	(201)	(982)
Advertising costs	707	719
Depreciation	1,187	765
Amortisation	1,024	290
Right-of-use asset depreciation	328	361
Fees paid to the parent Company’s auditors in respect of the audit of financial statements	60	52
Fees paid to the parent Company’s auditors in respect of other services	33	70
Others	5,782	4,091
Total	26,750	22,900

*Wages and salaries costs includes social security, pension and are stated after capitalisation of development costs of \$5.7m (2023: \$3.4m)

Kigen (UK) Limited

Notes to the consolidated financial statements

For the financial year ended 31 March 2024

7. Finance expense-net

Thousands of dollars	2024 \$000	2023 \$000
Interest expense	3	2
Interest expense on lease liabilities (note 19)	92	71
Interest income	(126)	(14)
	(31)	59

8. Staff numbers and costs

The average number of persons employed by the Group (including directors) during the year, analysed by category, was as follows:

<u>Number</u>	2024	2023
Management and administration	59	43
Research and development	91	86
Sales and Marketing	16	26
	166	155

Staff costs comprise the following:

	2024 \$000	2023 \$000
Wages and salaries	13,338	16,063
Social security costs	1,742	2,032
Pension costs	1,627	821
Share-based payment remuneration	580	427
	17,287	19,343

Pension cost included as part of accruals as at year-end for the group amounted to \$147,000 (2023: \$115,000).

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

<u>Number</u>	2024	2023
Management and administration	29	40
Research and development	56	44
Sales and Marketing	7	11
	92	95

Pension cost included as part of accruals as at year end for the company amounted to \$96,000 (2023: \$90,000).

Kigen (UK) Limited
Notes to the consolidated financial statements
For the financial year ended 31 March 2024

9. Directors' emoluments and key management compensation

Thousands of dollars	2024	2023
	\$000	\$000
Emoluments in respect of qualifying services	1,339	951
Pension and national insurance	292	149
Healthcare and other	15	15
	<u>1,646</u>	<u>1,115</u>

The key management are considered the directors' of the company.

The highest paid director received emoluments totalling \$380,000 (2023: \$448,000).

10. Income Tax

Thousands of dollars	2024	2023
	\$000	\$000
Current year taxation		
Current income tax	21	(483)
Adjustment in respect of previous year	61	82
Deferred tax expense		
	<u>82</u>	<u>(401)</u>
Reconciliation of effective tax rate		
Loss before tax	15,882	15,024
Tax using the corporation tax rate of 25% (2023: 19%)	3,970	2,855
Effect of different tax rates of subsidiaries operating in foreign jurisdictions	342	-
Adjustment in respect of previous period RDEC	(61)	82
Fixed asset differences	(221)	(477)
Temporary differences	336	-
-Non-deductible expenses	(1,096)	-
Movement in deferred tax asset not recognised	26	206
	4,726	2,643
	<u>82</u>	<u>(401)</u>

Unrecognised deferred tax asset

The unrecognised deferred income tax asset of \$19.0 million arises on losses carried forward from operations across the group (2023: \$12.2million). Losses arising on operations in these jurisdictions can be carried forward indefinitely but are limited to the same trades. Management does not consider realisation of these deferred tax balances to be probable in the near future and accordingly the deferred tax asset has not been recognised in the financial statements.

Kigen (UK) Limited
Notes to the consolidated financial statements
For the financial year ended 31 March 2024

11. Property, plant and equipment

Group

Thousands of dollars	Leasehold improvements \$000	Other property and equipment \$000	Furniture & fittings \$000	Assets under construction \$000	Total \$000
Cost					
At 1 April 2023	1,984	270	1,298	1,028	4,580
Brought into use	-	760	268	(1,028)	-
Additions	-	215	-	-	215
Foreign exchange	35	(12)	15	-	38
At 31 March 2024	2,019	1,233	1,581	-	4,833
Accumulated depreciation					
At 1 April 2023	880	180	800	-	1,860
Charge for the financial year	645	127	415	-	1,187
Foreign exchange	15	-	11	-	26
At 31 March 2024	1,540	307	1,226	-	3,073
Net book value					
At 31 March 2024	479	926	355	-	1,760
At 31 March 2023	1,104	90	498	1,028	2,720

Other property and equipment includes IT equipment and hardware.

Assets under construction relate to Data Centre in India which were brought into use by the year end.

Kigen (UK) Limited
Notes to the consolidated financial statements
For the financial year ended 31 March 2024

Note 11. continued

Company

Thousands of dollars	Leasehold improvements \$000	Other property and equipment \$000	Furniture & fittings \$000	Total \$000
Cost				
At 31 March 2023	1,934	23	1,156	3,113
Additions	-	-	9	9
Foreign exchange	35	-	21	56
At 31 March 2024	1,969	23	1,186	3,178
At 31 March 2023	849	13	731	1,593
Charge for the financial year	635	8	315	958
Foreign exchange	15	-	13	28
At 31 March 2024	1,499	21	1,059	2,579
Net book value				
At 31 March 2024	470	2	127	599
At 31 March 2023	1,085	10	425	1,520

Other property and equipment includes IT equipment and hardware.

Kigen (UK) Limited
Notes to the consolidated financial statements
For the financial year ended 31 March 2024

12. Intangible assets

Group

	Software	Goodwill	Capitalised Development Costs	Total
Thousands of dollars	\$000s	\$000s	\$000	\$000s
Cost				
At 1 April 2023	195	423	3,497	4,085
Additions	2	-	5,659	5,661
Disposals	-	-	-	-
Movement in foreign exchange	4	-	64	64
At 31 March 2024	201	423	9,220	9,810
Accumulated amortisation				
At 1 April 2023	175	30	228	403
Charge for the financial year	22	-	1,002	1,024
Movement in foreign exchange	3	4	3	6
At 31 March 2024	200	34	1,233	1,433
Net book value				
At 31 March 2024	1	389	7,987	8,377
At 31 March 2023	20	389	3,269	3,682

Capitalised development costs relating to the Group and the Company relates to software platform developments. Development costs are capitalised only when they meet the criteria set out by IAS 38. All amortisation is charged to the profit and loss account within administration costs on an annual basis. Amortisation commences when certain milestones have been met and the development costs are brought into use. Capitalised development costs are considered annually for impairment in line with the accounting policies of the group.

The group reviews the performance of the group and revenue streams against budget. Where there is evidence of impairment, for example due to a reduction in revenue activity, an adverse shift in the market and/or a change in macro-economic events, management seek to allocate an impairment charge to the assets of the group. As this depends on projections of future trading performance and other macro economic events, we have determined that this is a significant estimate.

In line with the Groups accounting policy, goodwill is not amortised and is instead tested annually for impairment. There was no impairment charge in the current year (2023: \$Nil) on the basis that the goodwill relates to the main cash generated unit of the group.

Kigen (UK) Limited
Notes to the consolidated financial statements
For the financial year ended 31 March 2024

Company

	Software	Capitalised Development Costs	Total
Thousands of dollars	\$000s	\$000	\$000
Cost			
At 1 April 2023	195	3,497	3,692
Additions	2	5,659	5,661
Movement in foreign exchange	4	64	68
At 31 March 2024	201	9,220	9,421
Accumulated amortisation			
At 1 April 2023	175	228	403
Charge for the financial year	22	1,002	1,024
Foreign exchange	3	4	7
At 31 March 2024	200	1,234	1,434
Net book value			
At 31 March 2024	1	7,986	7,987
At 31 March 2023	20	3,270	3,290

Details on capitalised development costs are included on page 47.

Kigen (UK) Limited

Notes to the consolidated financial statements

For the financial year ended 31 March 2024

13. Investments

Company

Subsidiaries - Cost or Valuation	\$000
Thousands of dollars	
Cost or valuation	
As at 1 April 2023	3,053
Additions	-
Disposals	-
Foreign exchange translation	56
Accumulated impairment	-
Carrying amount as at 31 March 2024	3,109
Carrying amount as at 31 March 2023	3,053

The directors are of the opinion that the Company's investment in subsidiaries are not impaired. These subsidiary undertakings are cost centres, which are expected to recover those costs and earn a margin from related undertakings.

The company had direct investments in the following subsidiary undertakings as at 31 March 2024:

Name of subsidiary	Address of Reg. Office	Nature of business	Ownership of issued shares
Kigen India (private) Limited	Tower C, Unit No.02, 4th Floor, Galaxy Business Park, Plot No.A-44&45 Noida UP 201309 IN	Development of IOT Technology	100%
Kigen (France) SAS	940 Route Des Dolines, C/o Sundesk Sophia-Antipolis, 06560, Valbonne	Development of IOT Technology	100%
Kigen KK	Shinyokohama Square Building, 17 th Floor, 3-12 Shinyokohama 2-chome, Kohoku-ki, Yokohama-shi Japan	Development of IOT Technology	100%
Kigen Denmark	Ragnagade 7, 2100 København Ø, Danmark	Service Provider	100%
Kigen South Africa	Liesbeek House, Ground Floor, Gloucester Road, River Park, Mowbray, Cape Town, 7700, South Africa	Service Provider	100%
Kigen LLC	1209 Orange Street, Wilmington, New Castle County, DE 19801.	Corporation Trust Company	100%

Kigen (UK) Limited
Notes to the consolidated financial statements
For the financial year ended 31 March 2024

14. Inventories

Group

Thousands of dollars	2024	2023
	\$000	\$000
Raw materials	<u>1,712</u>	<u>1,057</u>
	<u>1,712</u>	<u>1,057</u>

The net realizable value of inventory does not differ materially from its carrying value. The carrying value of inventory is net of an impairment provision amounting to \$NIL (2023: \$NIL).

Company

Thousands of dollars	2024	2023
	\$000	\$000
Raw materials	<u>1,712</u>	<u>1,057</u>
	<u>1,712</u>	<u>1,057</u>

The net realizable value of inventory does not differ materially from its carrying value.

The carrying value of inventory is net of an impairment provision amounting to \$NIL (2023: \$NIL).

Kigen (UK) Limited

Notes to the consolidated financial statements

For the financial year ended 31 March 2024

15. Trade and other receivables

Group

Thousands of dollars	2024 \$000	2023 \$000
Current		
Trade receivables	2,070	1,593
Contract assets- third party customers	2,106	1,076
Accrued income	4,151	-
Amounts owed by related parties	265	-
Prepayments and other debtors	4,571	2,944
Research and development credit receivable	1,453	1,135
Sales tax receivable	459	178
Non-current		
Contract assets – third party customers	6,540	6,281
	21,615	13,207

The impairment provision for trade and other receivables is \$63,000 at 31 March 2024 (2023: \$63,000). Contract assets amounting to \$415,000 were fully impaired and written off during the current year, with a further provision in respect of expected credit loss against contract of assets of \$191,000 included above (2023: \$128,0000)

Default rate percentage

Terms of debts	2024 - Default %	2023 – Default %
Up to 30 days	0.41%	1.41%
31-60 days	0.72%	1.42%
61-90 days	1.72%	2.67%
91-180 days	4.45%	4.49%
180+ days	0%	8.19%

Contract assets and other receivables are considered to have a low level of credit risk and the loss allowance recognised during the year was therefore limited to 12 months expected credit losses and the lifetime ECL. The aged profile of trade receivables and contract assets are as follows:

Thousands dollars	Total \$000	0-30 days \$000	31-60 days \$000	61-90 days \$000	>90 days \$000
2024	2,070	1,088	629	42	311
2023	1,593	1,041	343	146	63

Kigen (UK) Limited

Notes to the consolidated financial statements

For the financial year ended 31 March 2024

The following table shows the movement in contract assets and accrued income

Thousands of dollars	2024	2023
	\$000	\$000
Contract assets at the beginning of the year	7,357	1,398
Revenue recognised in prior year that was invoiced in the current year		-
Contract Asset impairment in the year	(415)	(280)
Amounts recognised in revenue in the current year that will be invoiced in future years	6,046	6,368
Balance at the end of the year before ECL	12,988	7,485
ECL provision against contract assets	(191)	(128)
Balance at the end of the year as reported above	12,797	7,357

Trade and other receivables denominated in functional current as at 31 March 2024 has been disclosed in the table below:

Thousands of dollars	2024	2023
	\$000	\$000
UK pound sterling	-	-
Euro	93	188
US dollar	1,966	1,353
Japanese Yen	40,149	13,044

Prepayments consist of expenses relating to costs for insurance, rental deposits, and others costs which have been paid in advance by the Group. The maximum exposure to credit risk is the carrying value of each class of receivable. The Group does not hold any collateral as security.

Company

Thousands of dollars	2024	2023
	\$000	\$000
Current		
Trade receivables	1,936	1,495
Prepayments and other debtors	4,397	2,798
Contract assets- third party customers	2,106	1,076
Research and Development credit receivable	1,453	1,135
VAT receivable	64	135
Amounts owed by subsidiary undertaking	-	608
Non-current		
Contract assets- third party customers	6,540	6,281
	16,496	13,528

Kigen (UK) Limited

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For the financial year ended 31 March 2024

The impairment provision for trade and other receivables is \$63,000 at 31 March 2024 (2023: \$62,000) and \$191,000 for contract assets (2023: \$128,000). The amounts owed by subsidiary undertaking are all trade related, bear no interest and are repayable on demand. The default rates used for the ECL are consistent with those used for the Group as disclosed above.

16. Cash and cash equivalents

Group

Thousands of dollars	2024 \$000	2023 \$000
Cash on hand and in banks	2,427	7,115

Cash in banks earn interest at the respective bank deposit rates. Interest income from cash amounted to \$126,000 for the year ended 31 March 2024 (2023: \$14,000).

A summary of cash denominated by currency has been provided below:

Thousands	2024 000	2023 000
US Dollar	USD 1,499	USD 1,548
Pound Sterling	GBP 79	GBP 2,576
EURO	EUR 73	EUR 441
South African Rand	ZAR 2,418	ZAR 5,157
Indian Rupee	INR 3,366	INR 6,678
Japan Yen	JPY 66,287	JPY 90,578
Danish Krone	DKK 991	DKK 5,733

Company

Thousands of dollars	2024 \$000	2023 \$000
Cash on hand and in banks	1,590	4,777

Thousands	2024 000	2023 000
US Dollar	USD 1,478	USD 1,188
Pound Sterling	GBP 79	GBP 2,575
Euro	EUR 12	EUR 90

The Group and company has no restricted cash

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For the financial year ended 31 March 2024

17. Equity

Group	2024	2023
	\$	\$
Allocated, called up and fully paid		
Ordinary shares at \$0.01 nominal value	2	2
Preference shares at \$0.1 nominal value	432,000	-

Ordinary shares

All Ordinary shares rank pari-passu in all respects including voting rights, and the right to receive all dividends and other distributions, if any, declared or made or paid in respect of Ordinary Shares.

Preference shares

The Preference shares and the Ordinary shares shall rank pari passu in all respects but shall constitute separate classes of shares.

Share premium

Share premium reserve includes all premiums received on issuing share capital.

Foreign currency reserve

Currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations during the year.

Other reserves

Other reserves include a group reorganisation reserve.

Accumulated deficit

This includes all current and prior period accumulated losses of the Group.

Company

Company	2024	2023
	\$	\$
Allocated, called up and fully paid		
Ordinary shares at \$0.01 nominal value	2	2
Preference shares at \$0.1 nominal value	432,000	-

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For the financial year ended 31 March 2024

Note 17. continued

Ordinary shares

All Ordinary shares rank Pari-Passu in all respects including voting rights, and the right to receive all dividends and other distributions, if any, declared or made or paid in respect of Ordinary Shares.

Preference shares

The Preference shares and the Ordinary shares shall rank pari passu in all respects but shall constitute separate classes of shares.

Share premium

Share premium reserve includes all premiums received on issuing share capital.

Foreign currency reserve

Currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations during the year.

Accumulated deficit

This includes all current and prior period accumulated losses of the Company.

18. Trade payables and accrued expenses

Group

	2024	2023
Thousands of dollars	\$000	\$000
Trade payables	4,319	3,570
Accrued expenses	7,426	5,412
Other creditors	156	181
Share-based payment liability	-	427
Other Tax and Social Security	657	119
	12,558	9,709

Trade payables and accrued expenses bear no interest and are payable on demand.

Contract liabilities of \$266,000 (2023: \$66,000) arise in respect of amounts invoiced during the year for which revenue recognition criteria have not been met by the year-end. These are typically advanced billings for subscriptions or support & maintenance and therefore any contract liabilities are expected to be recognised as revenue in the following year.

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For the financial year ended 31 March 2024

Note 18. continued

Group

	2024	2023
Thousands of dollars	\$000	\$000
Contract liabilities at the beginning of the year	66	176
Revenue recognised in prior year that was invoiced in the current year	(66)	(176)
Amounts recognised in revenue in the current year that will be invoiced in future years	266	66
Balance at the end of the year	266	66

Company

	2024	2023
Thousands of dollars	\$000	\$000
Trade payables	4,093	3,267
Accrued expenses	6,547	3,950
Other Tax and Social Security	231	89
Other creditors	103	48
Share based payment provision	-	294
Amounts owed to subsidiary undertakings	642	-
	11,616	7,648

Trade payables and accrued expenses bear no interest and are payable on demand.

Contract liabilities of \$266,000 (2023: \$14,000) arise in respect of amounts invoiced during the year for which revenue recognition criteria have not been met by the year-end. The Group's contracts with customers are typically less than one year in duration and any contract liabilities, which would be expected to be recognised as revenue in the following year.

The following table shows the movement in contract liabilities:

Company

	2024	2023
Thousands of dollars	\$000s	\$000s
Contract liabilities at the beginning of the year	66	176
Revenue recognised in prior year that was invoiced in the current year	(66)	(176)
Amounts recognised in revenue in the current year that will be invoiced in future years	266	66
Balance at the end of the year	266	66

The Group and Company's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 23.

Kigen (UK) Limited

Notes to the consolidated financial statements

For the financial year ended 31 March 2024

Note 18. continued

Non-current liability:

Included within Non-current liabilities for the group are \$3,073,000 (2023 \$1,767,000) relating to amounts payable greater than one year and \$2,503,000 (2023: \$1,659,000) relating to the Company. The expenses mainly consist of costs related to salaries, outcome of litigation and share-based payment liability.

19. Leases

a) Lease asset

The Group has entered into various leases for its office and IT related equipment.

Group

	Leasehold \$	Computer Equipment \$	Total \$
Cost			
At 1 April 23	2,241	290	2,531
Foreign exchange	16	5	21
UK Lease modification – scope reduction	(2,138)	-	(2,138)
At 31 March 2024	119	295	414
Accumulated depreciation			
At 1 April 2023	615	218	833
Amortisation charge	254	74	328
UK Lease modification - scope	(850)	-	(850)
Foreign exchange	12	3	15
At 31 March 2024	31	295	326
Net book value			
At 31 March 2024	88	-	88
At 31 March 2023	1,603	72	1,675

The company has modified the leasehold right to use asset as on 13/09/24 the company vacated its office at City Quays Belfast.

Kigen (UK) Limited
Notes to the consolidated financial statements
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Note 19. continued

Company

	Leasehold \$	Computer Equipment \$	Total \$
Cost			
At 1 April 23	2,215	290	2,505
Foreign exchange	16	5	21
UK Lease modification – scope reduction	(2,138)	-	(2,138)
At 31 March 2024	93	295	388
Accumulated depreciation			
At 1 April 2023	635	218	853
Amortisation charge	226	74	300
UK Lease modification - scope	(850)	-	(850)
Foreign exchange	12	3	15
At 31 March 2024	23	295	318
Net book value			
At 31 March 2024	70	-	70
At 31 March 2023	1,580	72	1,652

The company has modified the leasehold right to use asset as on 13/09/24 the company vacated its office at City Quays Belfast.

b) Lease liabilities

Lease liabilities are presented in the statement of financial position as follows:

	2024 \$	2023 \$
Current lease liabilities	(179)	(355)
Non-current lease liabilities	-	(1,434)
	(179)	(1,789)

The changes in the Group's liability arising from financing activity relating to lease liabilities is as follows:

	2024 \$	2023 \$
Thousands of Dollars		
Balance as at 1 April 2023	1,789	2,131
Accretion of interest	91	71
Payments	(413)	(294)
Lease modification – scope reduction	(1,321)	-
Foreign exchange movements	33	(119)
Closing balance	179	1,789

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Notes to the consolidated financial statements

For the financial year ended 31 March 2024

Note 19. continued

Minimum Lease Payment

Within 1 year

Thousands of Dollars	\$000
2024	
Lease payment	188
Finance charge	(9)
Net Present Value	179

There is no variable lease payments.

The leases relate to lease over an office building, and IT equipment used in the principal activities of the business.

The company has a lease liability of \$140,000 due within one year.

20. Share based payments

The company has a share incentive plan for certain management and staff with awards being made during 2023/24. Share options vest on an exit event, which is defined by a share sale, asset sale or IPO. The directors' have estimated the vesting date in their calculation of the share-based payment liability as at 31 March 2024. If an employee terminates their employment before the vesting date, their share options lapse. Upon an exit event, the company has an obligation to settle the share options in cash.

	Group Number 2024	Company Number 2024
Outstanding at the beginning of the year	986,670	698,846
Granted during the year	8,736	3,696
Exercised during the year	-	-
Expired during the year	(99,915)	(73,019)
Outstanding at the end of the year	895,491	629,523
Exercisable at the end of the year	-	-

The exercise price equates to nominal value which is nil. The fair value of the option as at 31 March 2024 is \$3. None of the share options are exercisable as at 31 March 2024.

As at 31 March 2024, the share-based payment liability amounted to \$1,136,000 (Group) and \$739,000 (Company). During the year ended 31 March 2024, the Group recognised a share-based payment charge in the profit and loss account of to \$580,000 (Group) and \$409,000 (Company).

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Notes to the consolidated financial statements

For the financial year ended 31 March 2024

21. Provisions for liabilities

The Group and the Company have provisions in respect of dilapidations arising on the leasehold improvements together with various other claims.

	Group	Company
Thousands of Dollars	\$	\$
Balance as at 1 April 2023	453	419
Increase in provisions	22	22
Closing balance	475	441

It is expected that the provision for leasehold improvements will be utilised at the end of the lease period which is disclosed in note 19. The remainder of the provisions relating to other claims is expected to be utilised within 24 months of the reporting date.

22. Related party transactions

All transactions with subsidiaries of Kigen Group have been eliminated upon consolidation. An amount of \$265,000 due from Softbank Group Corp. is disclosed as 'Amounts owed by related parties' in Note 15.

23. Financial instruments and risk management

The Group is exposed to various risks in relation to financial instruments including credit risk, liquidity risk and currency risk. The Group's risk management is coordinated by its managing directors. The Group does not actively engage in the trading of financial assets for speculative purposes. The most significant financial risks to which the Group is exposed are described below:

Credit risk

The Group's sales are currently concentrated with one major customer and accordingly the Group is exposed to the possibility of loss if this customer defaults. The Group is addressing this risk by monitoring its commercial relationship with this customer and by seeking to develop additional products for sale and entering into new partnerships.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2024	2023
Thousands of Dollars	\$	\$
Trade receivables	2,070	1,593
Cash and cash equivalents	2,427	7,115

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Notes to the consolidated financial statements

For the financial year ended 31 March 2024

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

Thousands of Dollars	2024	2023
	\$	\$
Euro-zone countries	109	-
-Other / Rest of the world	1,961	1,593
	2,070	1,593

Set out below is the information about the credit risk exposure on the Group's trade receivables:

Thousands dollars	Total \$000	0-30 days \$000	31-60 days \$000	61-90 days \$000	>90 days \$000
2024	2,070	1,088	629	42	311
2023	1,593	1,041	343	146	63

Default rate percentage

Terms of debts	2024 - Default %	2023 - Default %
Up to 30 days	0.41%	1.41%
31-60 days	0.72%	1.42%
61-90 days	1.72%	2.67%
91-180 days	4.45%	4.49%
180+ days	0%	8.19%

The Group's financial instruments are classified as follows:

<u>Assets- measured at amortised cost</u>	2024	2023
Thousands of dollars	\$000	\$000
Trade receivables	2,070	1,593
Contract assets	8,646	-
Accrued income	4,151	7,357
Cash at bank and in hand	2,427	7,115
	17,294	16,065

<u>Liabilities- measured at amortised cost</u>	2024	2023
Thousands of dollars	\$000	\$000
Trade payables	4,319	3,570
Accruals and other creditors	7,582	5,593
Leasehold Liability	179	1,789
Other provision	475	453
	12,555	11,405

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Notes to the consolidated financial statements

For the financial year ended 31 March 2024

Liquidity risk

The Group have been dependent on their shareholders to fund its operations. As described in note 2(a) to the financial statements, the Group's ability to continue as a going concern is dependent through a combination of effective working capital management and its ability to obtain funding from external sources and/or its sole investor.

The following are the contractual undiscounted maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

Currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group seeks to transact the majority of its business in its reporting currency (USD). However, many customers and suppliers are outside the US and a proportion of these transact with the company in GBP and JPY. For this reason, the Group operates current bank accounts in JPY and GBP as well as in its reporting currency. To the maximum extent possible receipts and payments in a particular currency are made through the bank account in that currency to reduce the amount of funds translated to or from the reporting currency. Cash flow projections are used to plan for those occasion when funds will need to be translated into different currencies so that exchange rate risk is minimised. If the exchange rate between sterling and the US dollar had been 10% higher/lower at the reporting date, the effect on profit would have been approximately \$1,580,000/(\$1,580,000) respectively (2023 :\$1,762,660/(\$1,762,660)). If the exchange rate between USD and JPY had been 10% higher/lower at the reporting date the effect on profit would have been approximately \$7,000/(\$7,000) respectively (2023: \$8,225/(\$8,225)).

24. Capital management

The Group's capital management objectives are to ensure the Group's ability as a going concern and to provide an adequate return to shareholders by pricing products and services commensurate to the level of risk. The Group monitors capital on the basis of the carrying amount of equity plus its borrowings and warrants less cash and cash equivalents as presented on the face of the statement of financial position.

Management assesses the Group's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust capital structure, the Group may issue new shares or sell assets to reduce debt.

The Group has no external borrowings at 31 March 2024 (31 March 2023: \$NIL).

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Notes to the consolidated financial statements

For the financial year ended 31 March 2024

The amounts managed as capital by the Group for the reporting periods are as summarized as follows:

Thousands of Dollars	2024	2023
	\$	\$
Total equity	19,579	15,844
Cash and cash equivalents	2,427	7,115
Capital	22,006	22,959
	-	-
Borrowings	-	-
Overall financing	-	-
	-	-
Capital-to-overall financing ratio	-	-

No changes were made in the objectives, policies or processes in 2024 and 2023. Please refer to note 26 in relation to the post balance sheet event fund raise.

25. Controlling party

The Group's immediate parent undertaking, which is incorporated in the United States is SVF II EU Aggregator) DE LLC. During the year ended 31 March 2021, the immediate parent acquired 100% of the shareholding of Kigen (UK) Limited from Pelion IoT Limited.

The ultimate parent undertaking is Softbank Corp.

SVF II EU (Aggregator) DE LLC is a company registered in the United States of America with a registered office c/o Corporation Service company, 251 Little Falls Drive, Wilmington, Delaware 19808, United States of America.

Softbank Corp. is a company registered in Japan. Softbank Corp. heads the largest group of undertakings, including Kigen (UK) Limited for which these financial statements are prepared. The registered office of the ultimate parent is 1-9-1 Higashishimbashi, Toyko 105-7309 Japan.

in May 2024 the group secured its latest injection of cash from existing shareholders; SVF II EU (Aggregator) DE LLC and Arm Technology Investments limited 2, to continue the group's investment in research & development of IoT related products. This latest fundraise amounted to \$15m.

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Notes to the consolidated financial statements

For the financial year ended 31 March 2024

26. Subsequent events since the year end

Post year end, in May 2024 the group concluded its latest funding round securing significant investment (\$15m) from existing shareholders SVF II EU (Aggregator) DE LLC and Arm Technology Investments Limited 2 in exchange for preference shares.

27. Company profit and loss

As a consolidated group income statement is published, a separate income statement for the parent company is omitted from the Group financial statements by virtue of the Companies Act, 2006. The Company's loss for the financial year was \$20.6m (2023: \$15 million).

28. Commitments

The company have no material capital commitments at the year end (2023: \$NIL).

29. Approval of financial statements

The board of directors approved these financial statements on XX November 2024.