

# Technetix Limited

Annual Report and Financial Statements  
for the Year Ended 31 December 2023



## Technetix Limited

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**Technetix Limited**

**Company Information**

<b>Directors</b>	Mr. PA Broadhurst Mr. PJ Deakin
<b>Company secretary</b>	Mr. T W Plowman
<b>Registered office</b>	Innovation House Technetix Business Park Muddleswood Road Albourne, Hassocks West Sussex BN6 9EB
<b>Solicitors</b>	Travers Smith LLP 10 Snow Hill London EC1A 2AL
<b>Auditors</b>	RSM UK Audit LLP Chartered Accountants One London Square Cross Lanes Guildford Surrey GU1 1UN

## Technetix Limited

### Strategic Report for the Year Ended 31 December 2023

The directors present their strategic report for the year ended 31 December 2023.

#### Review of the business

Technetix Limited is a subsidiary of the international Group headed by Technetix Group Limited. The Group carries out the design, development, manufacture and distribution of proprietary mission critical network technology to major broadband, cable, fibre and telecommunications operators worldwide.

Technetix seeks to be a “one stop shop” for its customer base; designing and developing solutions for the core and access broadband markets through its research and development function. This whilst also supplying its own and third-party products under supply chain service agreements.

Headquartered in the UK, with an extensive network in Europe, Americas, Africa and Asia Pacific, the Group sells over 114 million products annually to over 70 countries around the world, earning it a reputation for excellence and reliability. That’s why Technetix is a market leader when it comes to the enhancement of broadband cable network performance worldwide.

The Group has a total of 126 patents, 41 registered designs and 71 trademarks (all granted or applied for) protecting its extensive intellectual property (IP). The IP gives Technetix extensive technical differentiation in the markets in which it operates, giving the Group competitive advantage.

The statement about how the Board considers stakeholders in its decision making is contained in the section 172 statement in the Directors’ Report.

#### Key performance indicators

The key performance indicators for the Company are sales growth and underlying\* EBITDA (defined within the Alternative performance measures accounting policy).

	2023 £ 000	2022 £ 000
Third party revenue	21,948	26,419
Related party revenue	61,784	44,201
<b>Total reported revenue</b>	<b>83,732</b>	<b>70,620</b>

The reconciliation of underlying\* revenue, gross profit and EBITDA to those reported is as follows:

	Note	2023 £ 000	2022 £ 000
Reported revenue	4	83,732	70,620
<b>Underlying revenue</b>		<b>83,732</b>	<b>70,620</b>
Cost of sales		(69,102)	(62,525)
Fair value changes on forward foreign exchange contracts	5	(459)	687
<b>Underlying gross profit</b>		<b>14,171</b>	<b>8,782</b>
Administrative expenses		(10,594)	(8,553)
Depreciation and amortisation expense	5	738	721
Exceptional costs	5	1,321	201
<b>Underlying EBITDA</b>		<b>5,636</b>	<b>1,151</b>
Underlying EBITDA % underlying revenue		6.7%	1.6%

\*Underlying result excludes unrealised amounts arising from fair value changes on forward foreign exchange contracts, acquisition and integration costs and other costs which are incurred outside the continuing operations of the Company.

**Technetix Limited**

**Strategic Report for the Year Ended 31 December 2023 (continued)**

**Results**

During the year the Company achieved underlying revenue of £83.7m (2022: £70.6m), gross profit of £14.6m (2022: £8.1m) and EBITDA of £4.8m (2022: £0.3m).

**Business review**

The business was able to capitalize on the bounce back of customer spend in the year, seeing an increase in revenue of 19%. This was the result of increased sales volumes of run rate products into Europe and the conversion of opportunity pipeline in the Americas region.

Gross profit increased to 17.5% in year (2022: 11.5%), this is driven from improved margins in the Americas and savings in freight costs which have reduced to pre-pandemic levels.

The business incurred exceptional costs of £1,321k (2022: £201k). These costs principally relate to one-off employee and operational restructuring costs. Prior year exceptional costs principally related to employee restructuring costs and costs relating to the acquisition of a subsidiary in the Group.

**Principal risks and uncertainties**

Risks, including financial risks, are managed at a Group level rather than at an individual Company level. For this reason, the Company's Directors believe that a discussion of the Group's risks would be appropriate for an understanding of the development, performance or position of the Company's business. The principal risks and uncertainties of the Group, which include those of the Company, are discussed in the Directors' report.

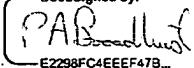
**Outlook**

Technetix is a market leader with a world-class portfolio of leading broadband technology solutions and significant growth opportunities in a market that offers exciting prospects. The Company's mission is to focus on developing and delivering critical broadband infrastructure for network operators globally. Integrated solutions which maximize the performance of new and existing networks, while decreasing capital cost and long-term total cost of ownership for our network customers over the long term.

The Directors' view the future development of the Company with optimism.

15 March

Approved by the Board on ..... 2024 and signed on its behalf by:

DocuSigned by:  
  
E2298FC4EEEF47B...  
Mr P A Broadhurst  
Director

## Technetix Limited

### Directors' Report for the Year Ended 31 December 2023

The Directors present their report and the financial statements for the year ended 31 December 2023.

#### Other statutory disclosures

In accordance with section 414C (11) of the Companies Act certain requirements of the Directors' Report, including business review, key performance indicators and future developments are not included within the Directors' Report as they are shown in the Strategic Report.

#### Directors' of the company

The Directors, who held office during the year, were as follows:

Mr. P A Broadhurst  
 Mr. R Bell (resigned 28 November 2023)  
 Mr. P J Deakin (appointed 30 January 2024)

#### Principal activity

The principal activity of the Company is to design, manufacture and distribute market-leading technology to major broadband cable and telecommunications operators worldwide.

#### Charitable donations

During the year the Company made charitable donations of £19k (2022: £24k).

	2023	2022
	£ 000	£ 000
Chestnut Tree House	14	14
Crawley RFC	2	3
Royal Albert Hall	2	-
Ukraine Crisis Appeal	-	6
Other	1	1
	<u>1</u>	<u>1</u>

#### Research and development

In 2023 the Company expensed £1,322k of research and development costs (2022: £689k).

The business continued to invest in R&D as we targeted the development of key product technology solutions.

#### Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The Company has access to a broad range of expertise within the business and as a consequence believes that it is well placed to manage its risks successfully.

As required by the standard, Management has undertaken sensitivity testing on its future forecasts by applying downside assumptions to establish a plausible but severe scenario. The downside sensitivities testing was performed on a 12 month basis from the financial statements signing date, being the period to March 2025. Within the most plausible but severe downside model, assuming the business does not deliver on its new product release expectations, the Group is forecast to be profitable and there is adequate headroom in all the Group's banking covenants.

Having assessed current trading, the strength of customer and supplier relationships, the current order book and the banking facilities available to the Company's Group, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of signing these financial statements. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### Directors' liabilities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

## Technetix Limited

### Directors' Report for the Year Ended 31 December 2023 (continued)

#### Financial instruments

##### *Objectives and policies*

The Group's operations are exposed to a variety of financial risks that include market risk (including interest rate risk, foreign exchange risk and commodity price risk), credit risk and liquidity risk. Given the size of the Group, it does not delegate the responsibility of managing financial risk to a sub-committee of the Board. The policies set by the Board are implemented by the Group's finance department and monitored by the Board.

##### *Price risk, credit risk, liquidity risk and cash flow risk*

###### (i) Interest rate risk

The Group actively monitors its level of secured and unsecured debt and is required to meet banking covenants on a quarterly basis and report these to its lender. The interest payable on the debt is payable at a floating rate.

###### (ii) Foreign exchange rate risk

The Group is exposed to foreign exchange risk due to the majority of inventory being purchased in USD and a significant amount of sales being in GBP and Euro. The Group has managed this risk by hedging a proportion of future USD purchases and EUR sales.

###### (iii) Commodity price risk

The Group is also exposed to commodity price movements on the key material used in the manufacture of products. These are not directly hedged but the exposure has also been reduced by pricing clauses with some key customers.

###### (iv) Customer concentration

The Group's business comes primarily from a number of key customers. The loss of one of these customers or a significant reduction in sales to one of these customers could have a material adverse effect on the business. The Group's strategy is to grow these accounts and other new major accounts in order to mitigate this risk.

###### (v) Credit risk

The Group has implemented policies that require credit checks on potential new customers and those not under contract. Credit limits are continually reassessed by the finance department and where appropriate, the board. Overall the credit quality of customers is considered high. The maximum credit risk exposure relating to financial assets is represented by carrying value as at the Statement of Financial Position date.

###### (vi) Liquidity risk

The Group prepares detailed cash flow forecasts regularly which are reviewed by management to ensure that cash flow is actively managed around the Group. The Group also prepares regular working capital reports to monitor cash, inventory, receivables and payables levels across Group companies.

###### (vii) Market risk

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure on the net assets of the Group's foreign operations is managed primarily through borrowings in the relevant foreign currencies.

## Technetix Limited

### Directors' Report for the Year Ended 31 December 2023 (continued)

#### Streamlined Energy and Carbon Reporting (SECR)

The Company has followed the Streamlined Energy and Carbon Reporting (SECR) guidelines. The Company has also used the GHG Reporting Protocol - Corporate Standard and have used the 2023 UK Government's Conversion Factors for Company Reporting.

#### Intensity measurement

The chosen intensity measurement ratio is Tonnes Co<sub>2e</sub> per FTE, the recommended ratio for the sector.

#### Measures taken to improve energy efficiency

The Company has changed its energy supplier in the UK from one which supplied 100% brown energy, to one which supplies 100% green energy. In addition, the Group are installing smart meters in the UK to improve energy monitoring.

#### UK Energy and Carbon Use

	2023	2022
<b>Energy consumption used to calculate emissions (kWh)</b>		
Energy consumption	185,703	184,947
<b>Emissions in metric tonnes (CO<sub>2e</sub>)</b>		
Electricity consumption	33,671	38,342
Fuels	992	1,324
Business mileage	4,477	3,279
Total gross emissions in metric tonnes CO <sub>2e</sub>	39,140	42,945
<b>Intensity ratio</b>		
Tonnes CO <sub>2e</sub> per FTE	936	761

#### Statement by the directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006

The Board of Directors of Technetix Limited consider, both individually and together, that they have acted in the way they consider in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Act) in the decisions taken during the year ended 31 December 2023 and in creating future business plans ('our plans'):

(a) Our plans are designed to have a long-term beneficial impact on the Company and to contribute to its success in providing our customers with products and services of the highest functionality and quality. We achieve these objectives by continuing to invest in both our R&D and quality teams as well as other teams that support these.

(b) Our employees are fundamental to the delivery of our plans. We aim to be a responsible and attractive employer in our approach to the pay and benefits our employees receive and the opportunities they have to grow their careers. We believe that people lie at the heart of our business. We have an open and inclusive culture that supports teamwork as well as empowering people to achieve their potential. We embrace diversity and focus on recruiting and retaining outstanding individuals.

(c) Our plans are informed by extensive engagement with customers, enabling us to gain an in depth understanding of their needs and priorities. We are dedicated to providing our customers with world class technology solutions, to help them achieve their goals. We also aim to act responsibly and fairly in how we engage with our suppliers and all other stakeholders.

(d) Our plans consider the impact of the Company's operations on the community and the environment. We encourage our employees to support the communities they work in.

(e) As the Board of Directors, our intention is to behave responsibly and ensure that management operate the business in a responsible manner, operating within the high standards of business conduct and good governance expected for a business such as ours and in doing so, will contribute to the delivery of our plans.

(f) As the Board of Directors, our intention is to behave responsibly toward our shareholders and treat them fairly and equally, so they too may benefit from the successful delivery of our plans.

**Technetix Limited**

**Directors' Report for the Year Ended 31 December 2023 (continued)**

**Auditor**

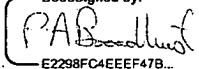
RSM UK Audit LLP were appointed as auditor to the Company and arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

**Disclosure of information to the auditors**

Each Director has taken steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

15 March

Approved by the Board on ..... 2024 and signed on its behalf by:

DocuSigned by:  
  
E2298FC4EEEF47B...  
Mr. P A Broadhurst  
Director

## **Technetix Limited**

### **Statement of Directors' Responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Independent Auditor's Report to the Members of Technetix Limited

### Opinion

We have audited the financial statements of Technetix Limited (the 'company') for the year ended 31 December 2023 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted International Accounting Standards.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with UK-adopted International Accounting Standards;
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and 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 the 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 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.

### Other information

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

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

We have nothing to report in this regard.

### 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 have been prepared in accordance with applicable legal requirements.

## **Independent Auditor's Report to the Members of Technetix Limited (continued)**

### **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 material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which 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
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 8 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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.

### **The extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

## Independent Auditor's Report to the Members of Technetix Limited (continued)

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are IFRS/UK-adopted IAS, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, and evaluating advice received from external tax advisors.

The audit engagement team identified the risk of management override of controls and revenue cut-off as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, and testing revenue transactions entered into either side of the year-end.

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

### Use of our report

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.



Jonathan Da Costa FCCA (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants  
One London Square  
Cross Lanes  
Guildford  
Surrey  
GU1 1UN

15 March 2024

## Technetix Limited

### Statement of Comprehensive Income for the Year Ended 31 December 2023

		31 December 2023 Before Exceptional Costs £ 000	31 December 2023 Exceptional Costs (Note 5) £ 000	31 December 2023 Total £ 000	31 December 2022 Total £ 000
	Note				
Revenue	4	83,732	-	83,732	70,620
Cost of sales		<u>(69,102)</u>	<u>-</u>	<u>(69,102)</u>	<u>(62,525)</u>
Gross profit		14,630	-	14,630	8,095
Administrative expenses		<u>(9,273)</u>	<u>(1,321)</u>	<u>(10,594)</u>	<u>(8,553)</u>
Operating profit/(loss)	5	<u>5,357</u>	<u>(1,321)</u>	<u>4,036</u>	<u>(458)</u>
Finance income	6	590	-	590	-
Finance costs	7	<u>(754)</u>	<u>-</u>	<u>(754)</u>	<u>(545)</u>
Profit/(loss) before tax		5,193	(1,321)	3,872	(1,003)
Income tax (expense)/credit	11	<u>(772)</u>	<u>-</u>	<u>(772)</u>	<u>158</u>
Profit/(loss) for the year		<u>4,421</u>	<u>(1,321)</u>	<u>3,100</u>	<u>(845)</u>

The above results were derived from continuing operations with no items of other comprehensive income in the current or prior year.

## Technetix Limited

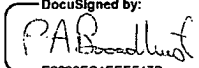
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### Statement of Financial Position as at 31 December 2023

		31 December 2023 £ 000	31 December 2022 £ 000
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	14	5	14
Property, plant and equipment	12	924	660
Right-of-use assets	13	1,232	1,381
Deferred tax assets	11	-	587
		2,161	2,642
<b>Current assets</b>			
Inventories	15	9,042	12,999
Trade and other receivables	16	30,263	25,949
Income tax asset		-	30
Cash and cash equivalents	17	9,371	2,707
		48,676	41,685
<b>Total assets</b>		50,837	44,327
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	20	52	52
Retained earnings		4,735	1,635
		4,787	1,687
<b>Non-current liabilities</b>			
Lease liabilities	19	1,365	1,471
<b>Current liabilities</b>			
Trade and other payables	18	44,358	40,530
Deferred income		-	366
Lease liabilities	19	208	273
Deferred tax liabilities	11	119	-
		44,685	41,169
<b>Total liabilities</b>		46,050	42,640
<b>Total equity and liabilities</b>		50,837	44,327

15 March

Approved by the Board on ..... 2024 and signed on its behalf by:

DocuSigned by:  
  
 E2298FC4EEEF47B...  
 Mr. P A Broadhurst  
 Director

The notes on pages 15 to 29 form an integral part of these financial statements.

**Technetix Limited**

**Statement of Changes in Equity for the Year Ended 31 December 2023**

	Share capital £ 000	Retained earnings £ 000	Total £ 000
<b>For the year ended 31 December 2022:</b>			
At 1 January 2022	52	2,480	2,532
Loss for the year	-	(845)	(845)
Total comprehensive expense	-	(845)	(845)
At 31 December 2022	<u>52</u>	<u>1,635</u>	<u>1,687</u>
<b>For the year ended 31 December 2023:</b>			
Profit for the year	-	3,100	3,100
Total comprehensive income	-	3,100	3,100
At 31 December 2023	<u>52</u>	<u>4,735</u>	<u>4,787</u>

## Technetix Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023

#### 1 General information

The Company is a private company limited by share capital, incorporated and domiciled in United Kingdom.

The address of its registered office is; Innovation House, Technetix Business Park, Muddleswood Road, Albourne, Hassocks, West Sussex, BN6 9EB, United Kingdom.

#### 2 Summary of material accounting policy information

##### Summary of material accounting policy information and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

The Financial Statements have been prepared under the historical cost convention, as modified by the revaluation of derivative financial assets and financial liabilities at fair value through the Statement of Comprehensive Income, and in accordance with the Companies Act 2006.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK-adopted International Accounting Standards, amended where necessary in order to comply with Companies Act 2006.

##### Alternative performance measures

The Company uses the alternative (non-Generally Accepted Accounting Practice) performance measure of EBITDA which is not defined withing IFRS.

EBITDA is defined as operating result adjusted to add back depreciation of property, plant and equipment and right-of-use assets, amortization of intangible assets and impairment gains and losses on non-current assets, acquisition-related expenses, and exceptional operating costs.

The Directors believe this measure is more reflective of the underlying performance of the Company than equivalent Generally Accepted Accounting Practice ("GAAP") measures because it excludes non-recurring exceptional and acquisition costs, non-cash items and is therefore a better proxy for underlying operating cash, providing stakeholders and other users of the financial statements with the most representative year-on-year comparison of underlying operational performance attributable to shareholders.

The measure and the separate components remain consistent for all periods presented in these financial statements.

##### Summary of disclosure exemptions

- Presentation of a Cash flow statement and related notes;
- Comparative period reconciliations for property, plant and equipment, right-of-use assets, intangible assets and share capital;
- Inclusion of an explicit and unreserved statement of compliance with IFRS;
- Share based payment arrangements and related disclosures;
- Requirements to disclose information relating to the Company's objectives, policies and processes for managing capital;
- Related party disclosures in respect of transactions with wholly owned subsidiaries within the Group;
- Requirements to disclose compensation for key management;
- Disclosure of the categories of financial instrument and nature and extent of risks arising on these financial instruments, in accordance with IFRS 7, "Financial Instruments: Disclosures";
- Requirements to disclose the future impact of a new IFRS in issue but not effective at the reporting date;
- Disaggregated and total revenue from contracts with customers;
- Explanation of significant changes in contract assets and liabilities;
- Description of when performance obligations are satisfied, significant payment terms, and the nature of goods and services to be transferred;
- Aggregate transaction price allocated to unsatisfied performance obligations and when revenue is expected to be recognised;
- Significant judgements in determining the amount and timing of revenue recognition and the amount capitalised costs to obtain or fulfil a contract; and
- Methods used to recognise revenue over time, determine transaction price and amounts allocated to performance obligations and determine amortisation of capitalised cost to obtain or fulfil a contract.

The notes on pages 15 to 29 form an integral part of these financial statements.

## Technetix Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

#### 2 Summary of material accounting policy information (continued)

##### Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The Company has access to a broad range of expertise within the business and as a consequence believes that it is well placed to manage its risks successfully.

As required by the standard, Management has undertaken sensitivity testing on its future forecasts by applying downside assumptions to establish a plausible but severe scenario. The downside sensitivities testing was performed on a 12 month basis from the financial statements signing date, being the period to March 2024. Within the most plausible but severe downside model, assuming the business does not deliver on its new product release expectations, the Group is forecast to be profitable and there is adequate headroom in all the Group's banking covenants.

Having assessed current trading, the strength of customer and supplier relationships, the current order book and the banking facilities available to the Company's Group, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of signing these financial statements. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

##### Revenue recognition

###### *Recognition*

The Company earns revenue from the sale of proprietary mission critical network technology to major broadband, cable, fibre and telecommunications operators worldwide. This revenue is recognised in the accounting period when control of the product has been transferred at an amount that reflects the consideration to which the Company expects to be entitled in exchange for fulfilling its performance obligations to customers.

###### *Customer incentives*

On certain contracts, incentives to contract price are offered. These mainly comprise of sales discount awarded to customers based on the volume of items sold. Management estimate the most likely outcome based on order levels and revenue is adjusted accordingly.

##### Foreign currency transactions and balances

Items included in the Financial Statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The Financial Statements are presented in 'Pounds Sterling' (£) to the nearest £000, unless otherwise indicated, which is also the Company's functional currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income statement within administrative expenses.

##### Exceptional items

Exceptional items are items which, in the view of the Directors, are significant in size or nature to warrant separate presentation on the face of the income statement. Where an item has been identified as exceptional due to a past event, any future impact will also be disclosed as exceptional to ensure a consistency of presentation.

##### Intangible assets

Software costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

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

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

## Technetix Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

#### 2 Summary of material accounting policy information (continued)

##### Intangible assets (continued)

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

##### Amortisation

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed three years. The amortisation charge is recognised within administrative expenses in the Statement of Comprehensive Income.

Asset class	Amortisation method and rate
Software	33.33% on cost

##### Property, plant and equipment

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within administrative expenses in the Statement of Comprehensive income.

##### Depreciation

Depreciation is calculated using the straight-line method to allocate their cost amounts to their residual values over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Leasehold Improvements	over the term of the lease
Plant and Machinery	2 - 10 years on cost

##### Impairment of non-financial assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

##### Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods comprises direct materials and, where applicable, those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in the Statement of Comprehensive Income.

##### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

## Technetix Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

#### 2 Summary of material accounting policy information (continued)

##### Trade receivables

Trade receivables are amounts due from customers for goods sold in the ordinary course of business.

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

The Company calculates lifetime expected credit losses for trade receivables using a portfolio approach. Receivables are grouped based on the credit terms offered and the type of product sold. The probability of default is determined at the year-end based on the aging of the receivables and historical data about default rates on the same basis. That data is adjusted if the Company determines that historical data is not reflective of expected future conditions due to changes in the nature of its customers and how they are affected by external factors such as economic and market conditions.

##### Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

##### Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

##### Retained earnings

Retained earnings represent the cumulative profit and losses net of dividends and other adjustments.

##### Dividends

Dividend distributions to the Company's shareholders are recognised as a liability in the Company's Financial Statements in the period in which the dividends are approved by the Company's Shareholders.

##### Leases

###### Initial recognition and measurement

The Company initially recognises a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term.

The lease liability is measured at the present value of the lease payments to be made over the lease term. Present value has been assessed using an incremental borrowing rate (in the absence of an implicit interest rate in the lease agreement). The lease payments include fixed payments, purchase options at exercise price (where payment is reasonably certain), expected amount of residual value guarantees, termination option penalties (where payment is considered reasonably certain) and variable lease payments that depend on an index or rate.

The right-of-use asset is initially measured at the amount of the lease liability, adjusted for lease prepayments, lease incentives received, the Company's initial direct costs and an estimate of restoration, removal and dismantling costs.

###### Subsequent measurement

After the commencement date, the Company measures the lease liability by:

- (a) Increasing the carrying amount to reflect interest on the lease liability;
- (b) Reducing the carrying amount to reflect the lease payments made; and
- (c) Re-measuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in substance fixed lease payments or on the occurrence of other specific events.

Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. Interest charges are included in finance cost in the Statement of Comprehensive Income.

## Technetix Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

#### 2 Summary of material accounting policy information (continued)

##### Leases (continued)

Variable lease payments not included in the measurement of the lease liability, are included in operating expenses in the period in which the event or condition that triggers them arises.

The related right-of-use asset is accounted for using the Cost model in IAS 16 and depreciated and charged in accordance with the depreciation requirements of IAS 16 Property, Plant and Equipment as disclosed in the accounting policy for Property, Plant and Equipment. Adjustments are made to the carrying value of the right-of-use asset where the lease liability is re-measured in accordance with the above.

Right-of-use assets are tested for impairment in accordance with IAS 36 Impairment of assets as disclosed in the accounting policy in impairment.

##### Short term and low value leases

The Company has made an accounting policy election, by class of underlying asset, not to recognise lease assets and lease liabilities for leases with a lease term of 12 months or less (i.e. short-term leases).

The Company has made an accounting policy election on a lease-by-lease basis, not to recognise lease assets on leases for which the underlying asset is of low value.

Lease payments on short term and low value leases are accounted for on a straight line bases over the term of the lease or other systematic basis if considered more appropriate. Short term and low value lease payments are included in operating expenses in the Statement of Comprehensive Income.

##### Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

Corporation tax is provided on taxable profits at the current tax rate. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the Statement of Financial Position date.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting or taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the Statement of Financial Position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

##### Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a separate entity and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans contributions are paid publicly or privately administered pension insurance plans on a mandatory or contractual basis. The contributions are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as an asset.

## Technetix Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

#### 2 Summary of material accounting policy information (continued)

##### Share based payments

The company participates in a share-based payment arrangement granted to its employees and employees of its subsidiaries. The company has elected to recognise and measure its share-based payment expense on the basis of a reasonable allocation of the expense for the group recognised in its consolidated accounts. The directors consider the number of unvested options granted to the company's employees compared to the total unvested options granted under the group plan to be a reasonable basis for allocating the expense.

##### Financial instruments

###### Initial recognition

Financial assets and financial liabilities comprise all assets and liabilities reflected in the statement of financial position, although excluding property, plant and equipment, intangible assets, deferred tax assets, prepayments and deferred tax liabilities.

The Company recognises financial assets and financial liabilities in the Statement of Financial Position when, and only when, the Company becomes party to the contractual provisions of the financial instrument. These instruments are initially recognised at fair value.

###### Classification and measurement

###### Financial assets at fair value through the profit or loss (FVTPL)

Financial assets not otherwise classified above are classified and measured as FVTPL.

###### Financial liabilities at amortised cost

Trade and other payables, and non-derivative financial liabilities are measured at amortised cost using the effective interest method.

The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the instrument to the net carrying amount of the financial liability. If expected life cannot be determined reliably, then the contractual life is used.

###### Financial liabilities at fair value through profit or loss

Financial liabilities not measured at amortised cost are classified and measured at FVTPL. This classification includes derivative liabilities.

##### Derecognition

###### Financial assets

The Company derecognises a financial asset when;

- the contractual rights to the cash flows from the financial asset expire,
- it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of the consideration received is recognised as a gain or loss in the Statement of Comprehensive Income.

###### Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

##### Modification of financial assets and financial liabilities

###### Financial assets

If the terms of a financial asset are modified, the Company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to the cash flows from the original financial asset are deemed to expire. In this case the original financial asset is derecognised and a new financial asset is recognised at either amortised cost or fair value.

## Technetix Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

#### 2 Summary of material accounting policy information (continued)

##### Financial instruments (continued)

If the cash flows are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Company recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the Statement of Comprehensive Income.

##### *Financial liabilities*

To be treated in the same way as a modification to financial assets, based on expected cash flow changes.

##### *Impairment of financial assets*

##### *Measurement of Expected Credit Losses*

The Company recognises loss allowances for expected credit losses (ECL) on financial instruments that are not measured at FVTPL.

The Company has opted to apply the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the financial instruments.

The expected loss rates are based on the payment profiles of sales over a period of 5 years and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

If material the provisions for credit-impairment are recognised in the Statement of Comprehensive Income and are reflected in accumulated provision balances against each relevant financial instruments balance.

##### *Fair value of financial assets and liabilities*

Where the fair value of financial assets and liabilities cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is derived from observable markets where available, but where this is not feasible, a degree of judgement is required in determining assumptions used in the models. Changes in assumptions used in the models could affect the reported fair value of financial assets and liabilities.

##### *Derivative financial instruments*

The Company holds derivative financial instruments in relation to foreign currency forward contracts.

The interest rate caps are used to reduce the Company's exposure to fluctuations in ECB rate (European Central Bank), the underlying interest rate on the external debt held by the Company's parent, Technetix Group Limited. The Company is responsible for monitoring the daily exposure of these contracts to ensure the overall effectiveness of these positions.

Derivative financial instruments are recognised in the Statement of Financial Position at fair value. Fair values are derived from prevailing market prices.

Derivative financial instruments with positive fair values (unrealised gains) are included as assets and derivative financial instruments with negative fair values (unrealised losses) are included as liabilities.

#### 3 Critical accounting judgements and key sources of estimation uncertainty

In applying the Company's accounting policies the Directors are required to make judgements that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

##### **Critical accounting judgements**

Management has made the following judgements that may have a significant effect on the amounts recognised in the financial statements:

##### **Leases**

The Company uses judgements to assess whether the interest rate implicit in the lease is readily determinable. When the interest rate implicit in the lease is not readily determinable, the Company estimates the incremental borrowing rate based on its external borrowings secured against similar assets, adjusted for the term of the lease. Further detail is given in note 19.

## Technetix Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

#### 3 Critical accounting judgements and key sources of estimation uncertainty (continued)

##### Leases (continued)

In determining the lease term the Company assesses whether it is reasonably certain to exercise, or not to exercise, options to extend or terminate a lease. This assessment is made at the start of the lease and is re-assessed if significant events or changes in circumstances occur that are within the lessee's control.

##### Key sources of estimation uncertainty

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying value amount of assets and liabilities within the next financial period are discussed below.

##### Inventory Provision

The provision for slow moving inventory is based on management's estimation of the commercial life and shelf life of inventory lines. In assessing this, management takes into consideration the sales history of products (including the length of time that they have been available for resale) as well as the use of products in the production process.

##### Expected credit losses

The Company calculates lifetime expected credit losses for trade receivables using a portfolio approach. Receivables are grouped based on the credit terms offered and the type of product sold. The probability of default is determined at the year-end based on the aging of the receivables and historical data about default rates on the same basis. That data is adjusted if the Company determines that historical data is not reflective of expected future conditions due to changes in the nature of its customers and how they are affected by external factors such as economic and market conditions.

#### 4 Revenue

The analysis of the Company's revenue for the year from continuing operations is as follows:

	<b>31 December</b>	<b>31 December</b>
	<b>2023</b>	<b>2022</b>
	<b>£ 000</b>	<b>£ 000</b>
Sale of goods	83,732	70,620

This revenue is recognised at a point in time in the accounting period when control of the product has been transferred.

The analysis of the Company's revenue for the year by market is as follows:

	<b>31 December</b>	<b>31 December</b>
	<b>2023</b>	<b>2022</b>
	<b>£ 000</b>	<b>£ 000</b>
Europe, Including UK	47,139	59,079
Americas	35,545	9,433
Rest of World	1,048	2,108
	83,732	70,620

#### 5 Operating profit

	<b>31 December</b>	<b>31 December</b>
Arrived at after charging/(crediting):	<b>2023</b>	<b>2022</b>
	<b>£ 000</b>	<b>£ 000</b>
Depreciation expense	519	420
Depreciation on right-of-use assets	210	259
Amortisation expense	9	42
Research and development cost	1,322	689
Fair value (gains)/losses on forward foreign exchange contracts	(459)	687
Loss on disposal of property, plant and equipment	2	1
Rentals under short term and low value leases	8	8
Share-based payment expense	5	-
<b>Exceptional costs</b>		
Exceptional costs	1,321	201

Exceptional costs principally relate to one-off employee and operational restructuring costs. Prior year exceptional costs principally related to the legal and professional fees associated with the business acquired in the year and employee restructuring costs.

## Technetix Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

#### 6 Finance income

	<b>31 December</b>	<b>31 December</b>
	<b>2023</b>	<b>2022</b>
	<b>£ 000</b>	<b>£ 000</b>
Interest receivable from group undertakings	590	-

#### 7 Finance costs

	<b>31 December</b>	<b>31 December</b>
	<b>2023</b>	<b>2022</b>
	<b>£ 000</b>	<b>£ 000</b>
Interest on bank overdrafts and borrowings	337	85
Interest expense on other financing liabilities	59	201
Interest payable to group undertakings	280	162
Interest expense on leases	78	97
	754	545

#### 8 Staff costs

The aggregate payroll costs (including Directors' remuneration) were as follows:

	<b>31 December</b>	<b>31 December</b>
	<b>2023</b>	<b>2022</b>
	<b>£ 000</b>	<b>£ 000</b>
Wages and salaries	4,384	3,486
Social security costs	491	471
Pension costs, defined contribution scheme	119	127
	4,994	4,084

The Directors' have reviewed the totals included within payroll costs and have updated the prior year staff cost disclosure above for consistency with the current year presentation.

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

	<b>31 December</b>	<b>31 December</b>
	<b>2023</b>	<b>2022</b>
	<b>No.</b>	<b>No.</b>
Production	7	5
Office, management and warehouse	45	48
	52	53

#### 9 Directors' remuneration

The Directors' remuneration for the year was as follows:

	<b>31 December</b>	<b>31 December</b>
	<b>2023</b>	<b>2022</b>
	<b>£ 000</b>	<b>£ 000</b>
Remuneration	1,266	1,074
Contributions to pension funds	36	34
Compensation for loss of office	112	-
	1,414	1,108

## Technetix Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

#### 9 Directors' remuneration (continued)

During the year the number of Directors who were receiving benefits was as follows:

	<b>31 December 2023 No.</b>	<b>31 December 2022 No.</b>
Contribution towards personal pension schemes	2	3

In respect of the highest paid Director:

	<b>31 December 2023 £ 000</b>	<b>31 December 2022 £ 000</b>
Remuneration	917	662
Contribution to pension funds	26	24
	943	686

The Directors of the Company are also Directors of the holding Company and fellow subsidiaries. The Directors received total remuneration in respect of qualifying services for the year of £1,302k (2022: £1,108k), all of which was paid by the Company. The Directors do not believe that it is practicable to apportion this amount between their qualifying services as Directors of the Company and their qualifying services as Directors of the holding company and fellow subsidiaries.

#### 10 Auditors' remuneration

	<b>31 December 2023 £ 000</b>	<b>31 December 2022 £ 000</b>
Fees payable to the auditor and its associates in respect of both audit and non-audit services are as follows:		
<b>For audit services:</b>		
Audit of the financial statements	65	55
<b>For other services:</b>		
Taxation compliance services	10	-
All other non-audit services	6	-
	81	55

#### 11 Income tax

Tax charged/(credited) in the Statement of Comprehensive Income

	<b>31 December 2023 £ 000</b>	<b>31 December 2022 £ 000</b>
<b>Current taxation</b>		
UK corporation tax – current year	-	15
UK corporation tax – prior year	66	-
Total UK corporation tax	66	15
<b>Deferred taxation</b>		
Deferred tax - current year	689	(219)
Deferred tax - prior year	17	46
Total deferred taxation	706	(173)
Tax expense/(credit) in the Statement of Comprehensive Income	772	(158)

The notes on pages 15 to 29 form an integral part of these financial statements.

## Technetix Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

#### 11 Income tax (continued)

The tax charge for the year differs to the standard rate of corporation tax in the UK. The differences are reconciled below:

	31 December 2023 £ 000	31 December 2022 £ 000
Profit/(loss) before tax	3,872	(1,003)
Corporation tax at standard rate of 23.52% (2022: 19%)	911	(190)
Increase in current tax from adjustment for prior periods	66	46
Effect of expenses not deductible / (income) not taxable for tax purposes	44	(212)
Group relief claimed	(132)	-
Increase from effect of foreign tax rates	-	3
Increase in deferred tax from adjustment for prior periods	17	-
Remeasured of deferred tax for changes in tax rates	(129)	-
Fixed asset differences	(5)	188
Increase from effect of adjustment in research development tax credit	-	7
<b>Total tax charge/(credit)</b>	<b>772</b>	<b>(158)</b>

#### Deferred tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset tax assets against tax liabilities.

The deferred tax balances have been measured at the tax rates that are expected to apply in the period which they are realised.

Deferred tax movement on assets/(liabilities) during the year:

	At 1 January 2023 £ 000	Recognised in profit/loss £ 000	At 31 December 2023 £ 000
Accelerated tax depreciation	(36)	(97)	(133)
Tax losses carry-forwards	595	(595)	-
Other short-term timing differences	28	(14)	14
<b>Net tax assets/(liabilities)</b>	<b>587</b>	<b>(706)</b>	<b>(119)</b>

#### 12 Property, plant and equipment

	Leasehold improvements £ 000	Plant and machinery £ 000	Total £ 000
<b>Cost or valuation</b>			
At 1 January 2023	94	3,324	3,418
Additions	3	780	783
Disposals	(45)	(151)	(196)
<b>At 31 December 2023</b>	<b>52</b>	<b>3,953</b>	<b>4,005</b>
<b>Depreciation</b>			
At 1 January 2023	79	2,679	2,758
Charge for the year	7	512	519
Disposals	(45)	(151)	(196)
<b>At 31 December 2023</b>	<b>41</b>	<b>3,040</b>	<b>3,081</b>
<b>Carrying amount</b>			
At 31 December 2023	11	913	924
At 31 December 2022	15	645	660

The notes on pages 15 to 29 form an integral part of these financial statements.

## Technetix Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

#### 13 Right-of-use assets

	Property £ 000	Vehicles £ 000	Total £ 000
<b>Cost or valuation</b>			
At 1 January 2023	2,592	11	2,603
Additions	96	-	96
Disposals	(406)	(11)	(417)
At 31 December 2023	2,282	-	2,282
<b>Depreciation</b>			
At 1 January 2023	1,216	6	1,222
Charge for the year	205	5	210
Disposals	(371)	(11)	(382)
At 31 December 2023	1,050	-	1,050
<b>Carrying amount</b>			
At 31 December 2023	1,232	-	1,232
At 31 December 2022	1,376	5	1,381

#### 14 Intangible assets

	Software £ 000
<b>Cost or valuation</b>	
At 1 January 2023	1,291
Disposals	(650)
At 31 December 2023	641
<b>Amortisation</b>	
At 1 January 2023	1,277
Amortisation charge	9
Disposals	(650)
At 31 December 2023	636
<b>Carrying amount</b>	
At 31 December 2023	5
At 31 December 2022	14

## Technetix Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

#### 15 Inventories

	<b>31 December 2023</b>	<b>31 December 2022</b>
	<b>£ 000</b>	<b>£ 000</b>
Finished goods and goods for resale	5,972	7,281
Goods In Transit	3,070	5,718
	<b>9,042</b>	<b>12,999</b>

The inventory provision at 31 December 2023 was £661k (2022: £478k).

There is no significant difference between the replacement cost of work in progress and finished goods and goods for resale and their carrying amounts.

#### 16 Trade and other receivables

	<b>31 December 2023</b>	<b>31 December 2022</b>
	<b>£ 000</b>	<b>£ 000</b>
Trade receivables	923	1,948
Group receivables	28,445	23,725
Prepayments	526	276
Other debtors	369	-
	<b>30,263</b>	<b>25,949</b>

#### 17 Cash and cash equivalents

	<b>31 December 2023</b>	<b>31 December 2022</b>
	<b>£ 000</b>	<b>£ 000</b>
Cash in hand	4	5
Cash at bank	9,367	2,702
	<b>9,371</b>	<b>2,707</b>

#### 18 Trade and other payables

	<b>31 December 2023</b>	<b>31 December 2022</b>
	<b>£ 000</b>	<b>£ 000</b>
Trade payables	23,166	24,096
Group payables	18,866	14,609
Social security and other taxes	238	256
Accruals and deferred income	2,049	1,071
Derivative financial instruments	39	498
	<b>44,358</b>	<b>40,530</b>

## Technetix Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

#### 19 Lease liabilities

	<b>31 December 2023</b>	<b>31 December 2022</b>
	<b>£ 000</b>	<b>£ 000</b>
Current	208	273
Non-current	1,365	1,471

#### Lease liabilities maturity analysis

A maturity analysis of lease liabilities based on undiscounted gross cash flow is reported in the table below:

	<b>31 December 2023</b>	<b>31 December 2022</b>
	<b>£ 000</b>	<b>£ 000</b>
Within one year	275	365
Between one and five years	1,146	1,073
More than five years	397	662
Total lease liabilities (undiscounted)	1,818	2,100
Less: finance charges	(245)	(356)
Total lease liabilities	1,573	1,744

#### Total cash outflows related to leases

Total cash outflows related to leases are presented in the table below:

	<b>31 December 2023</b>	<b>31 December 2022</b>
	<b>£ 000</b>	<b>£ 000</b>
<b>Cash payments</b>		
Lease repayments	273	221
Interest	78	97
Low value leases	8	8
Total cash outflow	359	326

#### Incremental borrowing rate

In the absence of an implicit rate of interest being stated in the lease agreements, the Company is using an incremental borrowing rate (IBR) to determine the present value of the lease payments.

#### Property leases

In order to determine the IBR, the Company has assumed a benchmark rates specific to the region which shows a baseline borrowing rate of between 4.8% and 8.7%. The Company has elected to apply the rate of 5% to reflect the long nature of the lease (to 2030) in the UK and 9.7% Ireland. The higher rates were also chosen to factor in uncertainty within the UK economic environment.

#### Vehicle leases

In order to determine the IBR, the Company has assumed a benchmark rate based on the borrowing rate of comparable loans of 9.0%.

## Technetix Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

#### 20 Share capital

##### Allotted, called up and fully paid shares

	31 December 2023		31 December 2022	
	No. 000	£ 000	No. 000	£ 000
Ordinary Shares of £1 each	26	26	26	26
Ordinary Shares A of £1 each	26	26	26	26
	<u>52</u>	<u>52</u>	<u>52</u>	<u>52</u>

##### Authorised shares

	31 December 2023		31 December 2022	
	No. 000	£ 000	No. 000	£ 000
Ordinary Shares of £1 each	74	74	74	74
Ordinary Shares A of £1 each	26	26	26	26
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

#### Rights, preferences and restrictions

Each Ordinary Share is entitled Pari-Passu to dividend payments or other distributions, and carries the right to one vote at general meetings.

The Ordinary Shares A carry no dividend or voting rights.

#### 21 Contingent liabilities

The Company has given the following guarantees to its bankers in relation to; HM Revenue & Customs for €105k (2022: €105k), Dutch Customs for €38.5k (2022: €138.5k) and Irish Revenue €100k (2022: €100k).

#### 22 Parent and ultimate parent undertaking

The Company's immediate parent is Technetix Group Limited. These financial statements are available upon request from Innovation House, Technetix Business Park, Muddleswood Road, Albourne, Hassocks, West Sussex, BN6 9EB. Technetix Group Limited is both the largest and smallest group in which the results of Technetix Limited are consolidated.

The ultimate controlling party is Mr. P A Broadhurst.