

ANNEX 1

Promethean Limited

Annual Report and Financial Statements

Registered number 01308938

Year ended 31 December 2023

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Strategic Report

Principal activities

Promethean is a brand leader in the global market for interactive learning technology. The principal activities are the creation, development, supply and support of leading-edge, interactive learning technology primarily for the education market.

Key performance indicators

The Directors monitor performance through the production of a detailed annual budget and the comparison of actual performance against the budget on a monthly basis.

Additionally, the Directors monitor key performance indicators on a monthly basis to ensure they are within acceptable parameters. These include financial metrics of revenue, operating profits and cash flows both from operating and non-operating activities.

Non-financial metrics monitored include volumes of interactive displays sold and independent market data including market share and competitor analysis. Promethean management commission regularly reports on the world interactive learning technology market to track market share globally and to provide analysis of key competitors in the interactive education industry. The analysis of these key performance indicators is discussed in the 'Business review' section below.

Business review

Company revenue for the year has decreased by 53.2% to £84.0m (2022: £179.1m). The decrease in revenue is primarily attributable to decreased customer demand and the company is seeing its revenue return to pre pandemic levels.

The Company recognized net exceptional income in 2023 of £4.8m (2022: £0.2m), there was a credit of £6.1m (2022:nil) relating to a reversal of a fully impaired loan to Promethean's German entity. Also, intercompany balances that were fully written off for Promethean's Turkish and Russian entities due to liquidation. The intercompany balance with Edmodo of £1.3m was also written off as the entity has been closed down since the end of the year.

Operating profit decreased to £3.8m (2022: £4.5m) and gross profit decreased to £11.8m (2022: £25.9m). There has been an overall decrease in operating costs that has been a result of lower year-over-year people costs, including lower commissions as a result of lower sales and realigning our resources to better leverage our distributor and partner network in our go-to-market efforts.

As at 31 December 2023, the Company had net assets of £35.5m (2022: £31.6m). The Company's net assets includes cash of £7.1m (2022: £12.4m).

Product development

In April 2023 Promethean launched the ActivPanel LX Series. The LX series has been purposefully designed to bring interactivity to customers' existing setup without a built-in operating system, meaning no data is stored on the panel, no updates are required, and most importantly our customers choose the OS and security management methods that they are most comfortable with. ActivPanel LX's secure approach offers a sustainable solution that is undoubtedly the way forward when it comes to long-lasting investment in interactive displays. Our Google EDLA-certified OPS-A Android computing module was released in June 2023, built specifically for use with the ActivPanel LX. With this cost-effective, optimised device, customers have an intuitive, seamless user experience with Google Workspace for both teachers and students.

Following the acquisition of Explain Everything in 2022, work has been underway throughout 2023 for the launch of the Explain Everything Advanced which combines the best of the Explain Everything's existing solution and Promethean Teacher Apps. EE Advanced will be a key piece of our SaaS (software as a service) strategy moving forward and it was launched in March 2024 in UKI and Germany.

The Promethean ActivPanel 9 won the 2023 Tech Advocate Award for Best Classroom Audio-Visual App, the Best of Show Award at ISTE, 2023, the 2023 Edtech Breakthrough Award - Student Engagement

Strategic Report (Continued)

Innovator of the Year, the EdTech Awards 2023 - Cool Tool Award, and two prestigious design awards – the iF Design Award and a Red Dot Design Awards for excellence in product design. Additionally, we won three Tech & Learning Awards of Excellence: Best of 2023 for the following products in the Primary Education category: Best of 2023 for Explain Everything Advanced, Best of 2023 for ActivPanel LX and Best of 2023 for OPS-A. Lastly, Promethean was named Company of the Year Finalist at the BETT Awards 2023.

Position at the end of the year

The Company revenues have declined within its core business in 2023. Additional declines in revenue in 2024 are possible, but management believes the Company can successfully navigate any short-term challenges in 2024. Furthermore, management is confident in the Company's current and future products rate and competitive position such that it expects to return to profitability in future years.

Going concern

The Directors of Mynd.ai Inc, the ultimate controlling party of the Company, have provided Promethean Limited with a signed letter of support, for at least the 12 month period from the date of approval of these financial statements. In making their assessment, the Directors of Mynd.ai Inc have considered future cash flows, borrowing facility availability, and the Group's recent trading and working capital cycles.

Based on the above, the Directors of Promethean have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 month period from the date of approval of these financial statements. Accordingly, the going concern basis of accounting continues to be adopted in preparing the financial statements. Further details on the basis of preparation are given in note 1 to the financial statements.

Principal risks and uncertainties

Promethean is subject to a number of risks and uncertainties, not all of which are under the direct control of the business. The principal risks and uncertainties that the Board believes have the potential to affect Promethean's future prospects relate to the pace of change in the education technology market, the global economic environment and its impact on education budgets, aggressive low-cost competition in particular markets and the rate of adoption and replacement of interactive learning technology. In developing new technology Promethean also faces the challenges of selecting and executing the correct strategies to successfully achieve its commercial objectives. However, the executive leadership team ensure they keep up to date with technological advancements and developments in the industry and invest in Research & Development activities accordingly.

Cyber-risk Management.

Promethean recognizes that cyber-security attacks pose an ongoing threat and risk. Accordingly, Promethean takes measures, and engages in activities, to mitigate cyber-risks. Specifically, Promethean has implemented security controls to prevent unauthorized access to, or abuse of, data. Access is restricted, controlled and monitored in Promethean office locations and in data hosting facilities hosting servers with Promethean data. Access to Promethean data is limited to only those with a legitimate business need and further access controls include two-factor authentication and password compliance. Promethean systems and software are subjected to periodic testing for vulnerabilities, and Promethean encrypts user data in transit and at rest. Promethean also provides employees with cyber-security training and phishing exercises. Promethean also maintains, and periodically updates, an Incident Response Plan to support the company's management of any cyber-security incident.

Section 172(1) statement

Engaging with stakeholders

The success of the Company's business is dependent on the support of all key stakeholders.

As part of the Board's decision-making process, in line with their duties under s172(1) of the Companies Act 2006, the Board considers the potential impact of decisions on relevant stakeholders and the likely

Strategic Report (Continued)

consequences of these decisions in the long term. Illustrations of how a number of s172(1) factors have been considered and applied by the Board can be found below.

Building and maintaining positive relationships with all key stakeholders is, therefore, important to the Board. Working together towards shared goals is the foundation to the Company's efforts to achieve long-term sustainable success.

The executive leadership team of the Company makes decisions with a long-term view in mind and with the highest standards of conduct in line with company policies. To fulfil their duties, the Directors take care to have regard to the probable consequences for all stakeholders in the decisions and actions that they take as company Directors. Where possible, decisions are carefully discussed with affected stakeholders and are, therefore, fully understood and supported when taken.

The Board is well informed about the views of stakeholders through the regular reporting on stakeholder views and it uses this information to assess the impact of decisions on each stakeholder group as part of its own decision-making process. Details of the company's key stakeholders and how the Company engages with them are set out below.

Shareholders

As owners of the Company, the Board relies on the support and values the opinions of the Company's shareholders. The Board and the executive leadership team have an open dialogue with the Company's shareholders that cover a wide range of topics including financial performance, strategy, outlook, governance, and ethical practices. Shareholder feedback is regularly reported to and discussed by the Board and the views of the Company's shareholders are considered as part of the Board's decision-making process.

Employees

Informed and fully engaged employees are vital to the long-term business success of the company. The executive leadership team provides company-wide meetings quarterly to inform employees with regards to company performance, company activities and, in particular, company activities relevant to employees. The executive leadership team and managers within the company engage with employees to ensure employees views and perspectives are taken into consideration. Employees are encouraged to provide input and feedback through a range of channels including company-wide meetings, functional group meetings, team meetings, surveys, face-to-face meetings and briefings, internal communities and through an anonymous employee whistle-blower concern line. Key areas of focus include health, physical and mental well-being, professional development opportunities, diversity and inclusion, pay and benefits and workplace culture. As an example, the Promethean "Employee Inclusion Group" program is an initiative that the executive leadership team believes strengthens the Company's ability to understand employees' needs. Currently, the Company provides opportunities for employees to join Employee Inclusion Groups focusing upon Gender Balance, Ethnicity/Culture, LGBTQ+, and Disability. Employees are invited to join these groups to discuss and learn about relevant issues. In addition, employees are invited to provide feedback and input with regards to the Company's Diversity, Equity and Inclusion efforts. Similarly, employees are encouraged to enhance their skills through courses relating to their work through tools such as LinkedIn Learning, Watch & Go Learning, and SkillSoft, and are incentivized and rewarded to complete such courses.

Regular reports about what is important to employees are made to the Board, ensuring consideration is given to employee needs. Employee feedback from these activities and employee surveys inform on how the executive leadership team builds the capability of its people managers and employees.

To encourage employee involvement in the company's performance, the Company has implemented an employee bonus scheme that enables a substantial number of company employees to directly benefit, in the form of variable bonus compensation, based in part upon the Company's achievement of performance goals. Employees are informed of the Company's performance goals and employees are updated throughout the year as to the Company's ongoing performance relative to established goals. The executive leadership team and managers engage in efforts to keep employees well informed with regards to the key economic factors to the Company's performance as well as any changes in conditions, such as changing marketing conditions or logistics or supply chain challenges that may impact the Company's performance. The executive leadership team and the Board have determined that keeping employees well informed and updated with regards to factors that influence company performance, establishing reasonable company performance goals

Strategic Report (Continued)

and incentivizing employees with bonus compensation furthers employee engagement and enhances the Company's ability to achieve its performance goals.

Customers

At the heart of the Company's relationship with customers is a global team of education strategists, designers, technologists and support staff that put the customer at the centre of everything that the Company does. The Company builds strong lasting relationships with customers through personal meetings, trade show events, sales meetings and other customer meetings or interactions, the delivery of professional development services and through surveys. These activities create a relationship with customers that is dedicated to the delivery of innovative technology solutions, exceptional support and personalized professional development services. Customers can rely on personalized product development based on decades of teaching experience, customer feedback, and requests. The Company supports customers with long-term relationships to ensure they are successful with their technology implementations. Information about customer needs and views is communicated to the Board for use in both its short-term and long-term decision-making.

Suppliers

The Company endeavours to build strong, mutually beneficial and lasting relationships with its suppliers. Engagement with suppliers is comprehensive in that it involves constant communications, frequent meetings to discuss, among other things, quality reviews and issues, component supply issues and any component supply concerns and factors that may impact product pricing. Given the nature of the Company's products and the time required to set up the manufacturing capability to manufacture the Company's products, the Company views the evaluation of each potential supplier as critical and the relationship with each supplier as critically important.

Key areas of focus include supplier capabilities, supplier's focus upon quality, a supplier's willingness to work with the Company in the design and development of new products, the evaluation of each supplier's ethics and the priority given to corporate responsibility, the trust that the supplier will comply with their commitments, workplace health and safety and environmental responsibility and sustainability.

The Board recognises that relationships with suppliers are important to the Company's long-term success and is briefed on supplier feedback and issues on a regular basis.

Communities

As part of its commitment to education, the Company believes in supporting local communities through recruitment and development of local people, days of service at schools and education programs and environmentally friendly initiatives. The Company supports organizations and charities that it determines to have a positive impact upon the communities it serves and operates within. This support includes donations of financial resources as well as products, services and time. The Company's employees are given paid service days yearly to allow employees to donate their time and volunteer to perform services or give back to their local community, including office-organised volunteer service events or other activities designed to enable employees' ways to give back to their communities throughout the year. In addition, as part of the Company's commitment to continual environmental improvement, the Company strives within its business to prevent pollution that can have a detrimental impact on the environment and to comply with all applicable environmental, legal and other requirements. Key issues from the local communities where the Company operates are reported back to the Board and are considered by the Board, along with the impact Board decisions may have upon the communities it serves.

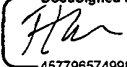
Government and regulators

The Company is committed to sustaining high standards of business conduct across the business and maintain an active dialogue with government and regulatory bodies. The Company considers this in decision making. The Company engages with governments and regulators through a range of industry consultations, forums, meetings and conferences to communicate its views to policy makers relevant to its business. Key areas of focus are compliance with laws and regulations, including but not limited to privacy laws and, in particular, student data privacy laws, health and safety, and product safety. The Board is updated on legal and regulatory developments and takes these into account when considering future actions.

Promethean Limited
Annual Report and Financial Statements
Registered number 01308938
Year ended 31 December 2023

Strategic Report (Continued)

The Strategic Report has been approved by the Board of Directors and signed on its behalf by:

DocuSigned by:

4577965749984F2...
Arthur Giterman
Director

Registered office
Promethean House
Lower Philips Road
Whitebirk Industrial Estate
Blackburn
BB1 5TH
11 December 2024

Directors' Report

The Directors present their Directors' Report and the audited financial statements for the year ended 31 December 2023. As permitted by s414c (11) of the Companies Act 2006, details of the Company's business review, along with the principal activities are included in the Strategic Report.

Research and development

The Company recognises the importance of innovative new products as a driver for business growth and has a proven track record of innovation and product development. Further details of recent product developments are provided in the Strategic Report on pages 1 and 2.

Dividends

The directors do not recommend the payment of a dividend. The profit for the year of £3.9m will therefore be taken to reserves.

Financial risk management

Information about the Company's objectives and policies for measuring and managing risks from its use of financial instruments is given below.

Credit risk

Promethean is exposed to credit default risk through the credit it extends to its resellers and distributors. All trade receivable exposures are overseen by the Corporate Controller. Credit limits are set as deemed appropriate for the customer. Sales to distributors and resellers are made based on recommended credit limits and, where suitable cover is available, credit insurance is used.

Liquidity risk

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's external bank relationships are managed as part of the Promethean World Group (the 'Group') in accordance with the Group's defined treasury policies. The policies include the minimum acceptable credit rating of relationship banks and financial transaction authority limits. Any material change to the Group's line of credit facility requires Group Board approval.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, whilst optimising the return. Sensitivities analyses are performed to assess the impact to our results of changes to certain key market risks, including interest rate risk and currency rate risk.

Currency risk

The Company is exposed to currency risk on sales and purchases that are denominated in a currency other than Sterling, primarily US Dollars and Euros. The Company reviews its net currency exposures, taking into account trade receivables and payables denominated in a foreign currency. The Company uses its multi-currency bank facility to access funding in the relevant currency as required.

Interest rate risk

As at 31 December 2023, the Company had net bank debt of £nil (2022: £nil).

Other market price risk

The Company does not enter into commodity contracts other than to meet the Company's expected usage and sale requirements.

Directors' Report (Continued)

Financial risk management (continued)

Employees

Promethean is an equal opportunities employer, and it has in place appropriate policies and best practice to encourage diversity in the workplace, while establishing a professional working environment that is free from all forms of discrimination.

As a matter of policy, the Company supports the recruitment, employment and retention of people with disabilities. Any application for employment by a person with disabilities is given full and fair consideration, having regard to the applicant's particular aptitudes and abilities. Career development, training and promotion opportunities are available to applicants with disabilities. Any person who becomes disabled while employed by the Group has the same opportunities available to them as other employees in comparable roles, with reasonable adjustments being made to accommodate the needs of such employees.

See further discussion regarding the Company's employee engagement policies and practices in the "Section 172(1) statement – Engaging with stakeholders" section in the Strategic Report.

Engagement with suppliers, customers, and others

See further discussion regarding the Company's policies and practices related to engaging with suppliers, customers, and others in the "Section 172(1) statement – Engaging with stakeholders" section in the Strategic Report.

Political contributions

The Company did not make any political contributions during the current or prior year.

Future developments

The Directors expect the general level of activity in 2024 to decline relative to the activity level in 2023. This is due primarily to the ending of COVID-19 government relief programs, particularly in the U.S., which provided several years of heightened demand, as well as a general slowing of the education technology market.

The intercompany balance with Edmodo of £1.3m was written off after 31 December 2023 as the entity has been closed down and ceased trading, therefore the balance is considered irrecoverable.

There have been no other events since the balance sheet date that require either disclosure in or adjustment to the financial statements.

Directors

The directors who held office during the year, and up to the date of this report were as follows:

Simon Leung Lim Kin (resigned 15th February 2024)
Allyson Krause
Vincent Riera
Arthur Gregory Giterman (appointed 15th February 2024)

The Company has made qualifying third-party indemnity provisions for the benefit of its directors, some of whom are also directors of other group companies, which were made during the year and remain in force at the date of this report.

Directors' Report (Continued)

Streamlined Energy and Carbon Reporting (SECR)

The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2018 require the disclosure of annual UK energy consumption and greenhouse gas emissions from SECR regulated sources. The below table shows the Group's UK energy usage and greenhouse gas emissions during 2023:

Promethean Group emissions and energy usage data for period 1 January 2023 to 31 December 2023						
	Period ending 31 December 2023			Period ending 31 December 2022		
	UK and offshore	Global (excluding UK and offshore)	Total	UK and offshore	Global (excluding UK and offshore)	Total
Emissions from activities which the company owns or controls, including combustion of fuel and operation of facilities – tonnes of CO ₂ e (Scope 1)	0.2	-	0.2	0.2	-	0.2
Emissions from purchase of electricity, heat, steam and cooling purchased for own use – tonnes of CO ₂ e (Scope 2)	38.7	-	38.7	38.9	-	38.9
Emissions from electricity and business travel – tonnes of CO ₂ e (Scope 3)	69.6	-	69.6	7.2	-	7.2
Total gross Scope 1, Scope 2 & Scope 3 emissions – tonnes of CO ₂ e	108.5	-	108.5	46.3	-	46.3
Total Energy consumption used to calculate above emissions - kWh	404,436	-	404,436	213,977	-	213,977
Tonnes of Gross CO ₂ e per £m	1.29	-	1.29	0.61	-	0.61
Tonnes of Gross CO ₂ e per FTE	0.71	-	0.71	0.3	-	0.3
Tonnes of Gross CO ₂ e per interactive display sold	0.01	-	0.01	0.01	-	0.01

In calculating the above amounts, the Group utilized the GHG Conversion Factors for Company Reporting Year 2023.

The Group as defined above includes data from the parent company Promethean World Ltd and its trading subsidiaries.

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Directors' Report (Continued)

Although we do not view climate change as a significant near-term risk to the business, the Group believe that attempting to reduce our carbon footprint is a crucial part of being a good corporate citizen and building and maintaining positive relationships with our key stakeholders. Accordingly, the Group continues to invest in energy and carbon saving opportunities. The Group has completed several such energy efficiency measures in 2023. These include, but are not limited to, converting to motion sensor activated LED where this is reasonable and has a cost or safety benefit. Also, switching off non-essential office equipment where possible.

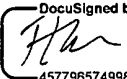
Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor are unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor are aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue as the Company's auditor and their reappointment will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on its behalf by:

DocuSigned by:

4577965749984F2...
Arthur Giterman
Director

Promethean House
Lower Philips Road
Whitebirk Industrial Estate
Blackburn
BB1 5TH
11 December 2024

Directors' Responsibilities Statement

The Directors are responsible for preparing the Annual 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), including FRS 101 "Reduced Disclosure Frameworks. 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 these 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 Financial Reporting Standard 101 Reduced Disclosure Framework has been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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.

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 may differ from legislation in other jurisdictions.

Independent Auditor's Report to the members of Promethean Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Promethean Limited (the 'company'):

- 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 United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 26.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

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 Financial Reporting Council's (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.

Independent Auditor's Report to the members of Promethean Limited

(continued)

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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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.

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

Extent to which 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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

Independent Auditor's Report to the members of Promethean Limited

(continued)

Extent to which the audit was considered capable of detecting irregularities, including fraud

(continued)

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address it are described below:

- Revenue cut off: We performed substantive testing on sales made in the period before and after the year end, assessing when control of the assets has transferred and that revenue has been recognised in the correct period.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance

Report on other legal and regulatory requirements

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.

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 or the directors' report.

Independent Auditor's Report to the members of Promethean Limited

(continued)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

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.

Evaldas Grenda

Evaldas Grenda, FCCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Edinburgh, United Kingdom
12 December 2024

Profit and Loss account

for the year ended 31 December 2023

	Note	2023 £000	2022 £000
Turnover	3	83,988	179,084
Cost of sales		(72,196)	(153,175)
Gross profit		11,792	25,909
Exceptional items	6	4,750	231
Other operating expenses		(12,711)	(21,602)
Operating expenses		(7,961)	(21,371)
Operating profit		3,831	4,538
Interest receivable	7	367	636
Interest payable and similar expenses	8	(39)	(68)
Profit before taxation	4	4,159	5,106
Tax	9	(228)	3,430
Profit for the financial year		3,931	8,536

The profit for the year is all attributable to equity shareholders and is entirely from continuing operations.

Statement of Other Comprehensive Income

There are no items of other comprehensive income in the current year or previous year other than those stated above in the profit and loss account. Accordingly, a separate statement of other comprehensive income has not been presented.

The notes on page 18-40 form an integral part of these financial statements

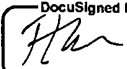
Balance Sheet

as at 31 December 2023

	Note	2023 £000	2022 Restated (see Note 2) £000
Fixed assets			
Intangible assets	10	23,821	18,491
Tangible assets	11	856	1,182
Investments	12	97	97
Deferred taxes		15,290	15,110
Other receivable		1,387	-
Loans to Group undertaking	15	40,775	40,775
		<hr/>	<hr/>
		82,226	75,655
Current assets			
Stocks	13	7,369	17,359
Debtors: amounts falling due within one year	14	37,055	23,069
Cash at bank and in hand		7,070	12,396
		<hr/>	<hr/>
		51,494	52,824
Creditors: amounts falling due within one year	16	(89,106)	(87,612)
Contract liabilities	17	(1,569)	(1,444)
Provisions for liabilities and charges	19	(5,826)	(6,367)
		<hr/>	<hr/>
Net current (liabilities)/assets		(45,007)	(42,599)
		<hr/>	<hr/>
Total assets less current liabilities		37,219	33,056
Creditors: amounts falling due after more than one year	18	(1,684)	(1,452)
		<hr/>	<hr/>
Net assets		35,535	31,604
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	20	1,011	1,011
Share premium account		36	36
Profit and loss account		34,488	30,557
		<hr/>	<hr/>
Shareholder's equity		35,535	31,604
		<hr/>	<hr/>

The notes on page 18-40 form an integral part of these financial statements

These financial statements were approved by the Board of Directors on 11 December 2024 and were signed on its behalf by:

DocuSigned by:

4577965749984F2...
Arthur Giterman

Statement of Changes in Equity
for the year ended 31 December 2023

	Share Capital £000	Share Premium £000	Retained earnings £000	Total equity £000
Balance as at 1 January 2022	1,011	36	22,021	23,068
Total comprehensive income for the year				
Profit for the year & total comprehensive income	-	-	8,536	8,536
Balance at 31 December 2022	1,011	36	30,557	31,604
	Share Capital £000	Share Premium £000	Retained earnings £000	Total equity £000
Balance as at 1 January 2023	1,011	36	30,557	31,604
Total comprehensive income for the year				
Profit for the year & total comprehensive income	-	-	3,931	3,931
Balance at 31 December 2023	1,011	36	34,488	35,535

The notes on pages 18-40 are an integral part of these financial statements.

Notes to the financial statements

1 Accounting policies

Promethean Limited is a company incorporated and domiciled in the United Kingdom under the Companies Act 2006. The Company is a private company, limited by shares registered in England & Wales. The address of the Company's registered office is Promethean House, Lower Philips Road, Whitebirk Industrial Estate, Blackburn, Lancashire BB1 5TH.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

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

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards (IFRSs) but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- 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 the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the Company.

Section 401 of the Companies Act 2006 exempts a company from the requirement to prepare group accounts if it itself a subsidiary undertaking and its parent undertaking is not established under the law of the United Kingdom. The Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*;
- Certain disclosure required by IFRS 15 *Revenue from Contract with Customers* and the disclosures required by IFRS 16 *Leases*.

In the current year, the Company has applied the following amendments to IFRS Standards and Interpretations issued by the International Accounting Standards Board (the Board) that are effective for an annual period that begins on or after 1 January 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements:

- Amendments to IAS 1 – *Presentation of Financial Statements*
- Amendments to IAS 8 – *Accounting Policies, Changes in Accounting Estimates and Errors*
- Amendments to IFRS 16 - *Leases*

Measurement convention

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Notes to the financial statements (Continued)

1 Accounting policies (continued)

Measurement convention (continued)

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare Group financial statements. These financial statements present information about the Company as an individual undertaking and not about its Group.

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 on pages 1 to 5.

As at 31 December 2023, the Company Balance Sheet shows net assets of £35.5m (2022: net assets of £31.6m) and cash of £7.0m (2022: £12.4m).

The amounts below are disclosed in US dollars as that is the currency in which each of the above financial instruments was originally denominated.

The Directors of Mynd.ai Inc have provided Promethean Limited with a signed letter of support, for at least the 12-month period from the date these financial statements were approved.

In January 2023 the Promethean Group, which includes the Company, entered into a secured revolving line of credit facility for up to \$125m with Bank of America. This line is collateralized by eligible trade receivables globally and eligible inventories in the US. Eligibility is determined by Bank of America, and is based on country of origin for trade receivables and the type and nature of US inventories. As at 31 December 2023, the outstanding principle balance on the line of credit was \$32.0m.

The Directors have assessed the above matters and came to the conclusion that Promethean Limited has sufficient resources to continue its operations for at least a 12 month period from the date of approval of these financial statements. Accordingly, these financial statements are prepared on a going concern basis.

Intangible fixed assets

Research and development

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Expenditure on development activities is capitalised if there is a clearly defined project which is technically and commercially feasible, and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable, and if the

Company can measure reliably the expenditure attributable to the intangible asset during its development.

Amortisation is recognised in the profit and loss on a straight-line basis over the estimated useful life of each project unless such lives are indefinite. The estimated useful lives for development projects are between 1 and 3 years.

Investments

The Company's investments represent equity interests in subsidiary undertakings where the Company has significant interest or control. Investments in subsidiary undertakings are stated at cost less any accumulated impairment. Where appropriate, provision is made for any impairment in value and the cost for such provision is taken to the profit and loss account. An impairment loss recognised in prior periods shall be reversed if there is indication that the impairment loss may no longer exist or may have decreased. The benefit from the reversal is taken to the profit and loss account.

Notes to the financial statements (Continued)

1 Accounting policies (continued)

Impairment (excluding inventories and deferred tax assets)

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss. The recoverable amount of other assets is the greater of their fair values less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Tangible fixed assets and depreciation

Tangible fixed assets are measured at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided by the Company to write off the cost less the estimated residual value of tangible fixed assets on a straight-line basis over their estimated useful economic lives as follows:

Freehold buildings	-	25 years
Plant and equipment	-	3-10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date. No depreciation is provided on freehold land.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction, or if hedged forward, at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Leases

(i) The Company as a lessee

The Company assesses whether a contract is or contains a lease at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture, and telephones). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the

- lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

Notes to the financial statements (Continued)

1 Accounting policies (continued)

Leases (continued)

- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, plus lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment.

On the Balance Sheet right-of-use assets are included in Tangible assets, while lease liabilities are included in Creditors: amounts falling due within one year (short-term portion) and Creditors: amounts falling due after more than one year (long-term portion). Further details are provided on right-of-use assets and lease liabilities in Note 20.

Pension costs

The Company operates a number of defined contribution pension schemes. The assets of the schemes are held separately from those of the Company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the schemes in respect of the accounting period.

Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, a first in first out basis is used.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based

on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Notes to the financial statements (Continued)

1 Accounting policies (continued)

Financial instruments

(i) Financial instruments

The Company's financial instruments are comprised of trade and other debtors, cash and cash equivalents, loans and borrowings, trade and other creditors, and a promissory note. IFRS 9 *Financial Instruments* introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("ECL") for financial assets and contract assets, and 3) general hedge accounting. As the Company does not currently engage in hedge accounting, these new requirements for hedge accounting are not applicable to the Company.

Under IFRS 9, financial assets are classified and measured at either amortised cost, fair value with adjustment recorded through other comprehensive income, or fair value with adjustments recorded through profit or loss. The determination of the classification of financial assets is based on the nature of the underlying assets and a company's objectives and intentions for holding the financial asset.

Financial liabilities are measured at amortised cost or fair value with adjustments recorded through profit or loss. However, under IFRS 9, for those financial liabilities that are measured at fair value through profit or loss, any change in fair value of that liability that is attributable to changes in the credit risk are instead reported through other comprehensive income.

In relation to financial assets, IFRS 9 requires the adoption of an expected credit loss model, which requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition, regardless of whether a credit event has actually occurred.

Cash and cash equivalents comprise cash balances and current balances with banks and are held at amortised cost. Trade debtors are measured at amortised cost, less any estimated credit losses. Trade and other payables, as well as loans and borrowings, are measured at amortised cost.

(ii) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Warranties

A provision for warranties is recognised when underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

Refund liabilities

If the Company enters into a contract with a customer that grants that customer a right to return the products transferred, the Company only records revenue for transferred products in the amount of consideration to which the Company expects to be entitled. The difference

between this amount and the amount of consideration received is recorded as a refund liability. In addition, the Company records an asset and a corresponding adjustment to cost of sales for its right to recover products from customers on settling the refund liability.

Notes to the financial statements (Continued)

1 Accounting policies (continued)

Revenue recognition

(i) Overview of IFRS 15

IFRS 15 introduces a 5-step approach when recognising revenue:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct in the contract. Under IFRS 15, the Company recognises revenue when (or as) a performance obligation is satisfied (i.e., when control of the goods or services underlying the particular performance obligation is transferred to the customer). This can occur either at a point in time when the customer obtains control of the distinct good or service, or over a period of time when the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs. All of the Company's products are sold separately and thus have a stand-alone selling price that is used to allocate the transaction price to each performance obligation in the contract. The Company does not have contracts with a significant financing component, as payment is typically required within 30 to 90 days from the change in control (or initial change in control for performance obligations satisfied over time).

(ii) Core goods sold

The Company sells the majority of its products to a global network of distributors and reseller partners. They are Promethean's customers for revenue recognition purposes. In the vast majority of cases, the end users of the product are the customers of the Company's distributors/resellers. Revenue is recognised at a point in time when the customer obtains control of the distinct good. Control of the Company's products is transferred in accordance with Incoterms 2010. The specific timing of the change in control varies by customer (based on contractual agreements between the Company and the customer) and can occur either when the goods are shipped by the Company via a third-party carrier, or when the goods are made available for pick-up by the customer. Customers do not have a contractual right of return of goods, aside from standard clauses regarding defective products.

Revenue from the sale of goods is measured at the fair value of consideration received or receivable. For those contracts that contain variable consideration whereby the Company will transfer cash, or a credit note to a customer when a rebate has been achieved, the Company estimates the amount of consideration to which it will be entitled using the most likely amount method. The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in significant revenue reversal in the future when the uncertainty associated with the variable consideration has been resolved. At the end of each reporting period, the Company updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and changes in circumstances during the reporting period.

All revenue is reported exclusive of value-added tax and other sales taxes.

Notes to the financial statements (Continued)

1 Accounting policies (continued)

Revenue recognition (continued)

(iii) Sale of software

The Company provides a Promethean global software licence for its pre-loaded proprietary software with the sale of its hardware products. The Company considers this hardware and software to be highly interdependent and highly interrelated. As a result, the Company considers the hardware and pre-loaded software bundle to represent one performance obligation and recognises revenue when control of the bundle has passed to the customer.

The Company also sells an enhanced software service separate from its hardware products. The Company believes these enhanced software services represent a separate performance obligation that is satisfied over time, as the services are capable of being distinct within the context of contract and provide a separate benefit to the customer above and beyond the Company's hardware products. The revenue associated with these contracts is recognised on a straight-line basis over the term of the contract, which the Company believes represents a faithful depiction of the transfer of these enhanced software services. Payments received in advance of providing these enhanced software services are recorded in the Balance Sheet as deferred income and are recognised in the Profit and Loss proportionately over the period that the enhanced software services are provided.

(iv) Sale of third-party software subscription

The Company sells subscriptions for certain third-party software both with the sale of its hardware products and on a stand-alone basis. The Company believes these software subscriptions represent a separate performance obligation that is satisfied over time, as the services are capable of being distinct within the context of contract and provide a separate benefit to the customer above and beyond the Company's hardware products. The revenue associated with these subscriptions is recognised on a straight-line basis over the term of the contract, which the Company believes represents a faithful depiction of the transfer of this software subscription. Payments received in advance of providing these software subscriptions are recorded in the Balance Sheet as deferred income and are recognised in the Profit and Loss proportionately over the period that the software subscriptions are provided.

(v) Freight revenue

The Company may arrange for shipment of its core products by third-party providers to certain customers, based on delivery location and timing requirements determined by these customers. The Company considers these shipment services to be a separate performance obligation, as the services are capable of being distinct within the context of contract and provide a separate benefit to the customer above and beyond the Company's other products. This performance obligation is considered to be satisfied at a point in time, which typically occurs when the third-party providers take possession of the products, as the Company believes control of the goods has passed to the customer at this point in time.

(vi) Warranty revenue

The Company provides a standard warranty on all of its hardware products. Depending on the jurisdiction in which the product is sold, this standard warranty is either for three years or five years. This warranty is not sold separately and does not provide any additional services beyond assuring the products complies with the agreed upon specifications. As such, the Company considers the standard warranty as an assurance type warranty which does not constitute a separate performance obligation.

The Company also separately sells enhanced five-year and seven-year warranties, which is considered to represent a separate performance obligation that is satisfied over time. The revenue associated with these contracts is recognised on a straight-line basis over the five-year or seven-year term of the warranty, which the Company believes represents a faithful depiction of the transfer of these enhanced warranty services. Payments received in advance of providing these enhanced warranty services are recorded in the Balance Sheet as contract

Notes to the financial statements (Continued)

1 Accounting policies (continued)

Revenue recognition (continued)

liabilities and are recognised in the Profit & Loss proportionately over the period that the warranty services are provided.

(vii) Training revenue

The Company offers training services for use of its hardware and proprietary software, which is considered to represent a separate performance obligation that is satisfied over time, as the services are capable of being distinct within the context of contract and provide a separate benefit to the customer above and beyond the Company's other products. The revenue associated with these contracts is recognised when the training services are delivered, which the Company believes represents a faithful depiction of the transfer of these training services. Payments received in advance of providing these training services are recorded in the Balance Sheet as contract liabilities and are recognised in the Profit & Loss proportionately over the period that the training services are provided.

(viii) Refund liabilities

If the Company enters into a contract with a customer that grants that customer a right to return the products transferred, the Company only records revenue for transferred products in the amount of consideration to which the Company expects to be entitled. The difference between this amount and the amount of consideration received is recorded as a refund liability. In addition, the Company records an asset and a corresponding adjustment to cost of sales for its right to recover products from customers on settling the refund liability.

Finance income and expenses

Finance income comprises interest income on funds invested, interest income on sublease contracts accounted for under IFRS 16, changes in the fair value of financial assets recorded at fair value through profit or loss, and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance expenses comprise interest and commitment fee expense on borrowings, interest expense on lease liabilities recorded as required under IFRS 16, changes in the fair value of financial assets recorded at fair value through profit or loss, impairment losses recognised on financial assets, and losses on hedging instruments that are recognised in profit or loss. All borrowing costs are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses recognised in profit or loss are reported on a net basis.

Exceptional items

Exceptional costs and income are those that in management's view need to be disclosed by virtue of their size and/or non-recurring nature. Such items are included in the profit and loss account in a separate caption and are separately disclosed in the notes to the financial statements.

Key accounting judgements

The preparation of financial statements in conformity with FRS 101 requires management to make judgements that affect the application of certain accounting policies. The accounting policy descriptions where judgement needs exercising that have the most significant effect on the amounts recognised in the financial statements are as follows:

- *Revenue Recognition* – Judgement is required in determining the timing of satisfaction of performance obligations and the amounts allocated to performance obligations under IFRS 15 *Revenue from contracts with customers*. These conclusions impact the amount of revenue recognised in a given reporting period.

Notes to the financial statements (Continued)

1 Accounting policies (continued)

Key accounting judgements (continued)

- *Exceptional items* - Judgement is required in determining whether an expense can be deemed as exceptional. Consideration is needed from management to decide if the expense was incurred in the ordinary course of business or is considered material and one off in nature.
- *Lease Accounting* – Judgement is required around the determination of the discount rate to use to calculate lease liabilities under IFRS 16 *Leases*. The determination of the discount rate is based on a number of factors, including the location of the lease and the prevailing interests at the lease commencement date.
- *Capitalization of Intangible Fixed Assets* – Judgment is required in determining whether an internally generated intangible asset meets the criteria for recognition. These conclusions impact the amount to be capitalized and the amount to be recognized as expense in a given reporting period.

Use of estimates

The preparation of financial statements in conformity with FRS 101 requires management to make estimates that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The significant areas of estimation uncertainty in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are as follows:

- *Deferred Taxation* – Judgement is required around the recognition of deferred tax assets. Particularly in preparing the forecasts that underpin the future cashflows which determine whether the historic losses built up over previous years can be utilised in the foreseeable future. As at December 31 2023, the Company had £15.3m in recognized deferred tax assets and liabilities and £nil in unrecognized deferred tax assets and liabilities. See further discussion at note 8.
- *Inventory Provisioning* – Judgement is required around the adequacy of stock provisioning in respect of aged, potentially obsolete or slow-moving items of stock. Provisions against stock are calculated based on the age of inventory and by the specific identification of any line items of stock which require write-down. As at 31 December 2023, the inventory provision was £4.1m (2022: £4.8m), leaving net inventory of £7.4m (2022: £17.3 m). See further discussion at note 12.
- *Warranty Provision* – Judgement is required around the adequacy of warranty provisioning for future costs associated with product failure. Provisions are calculated based on the prediction of future failure rates and costs. As at 31 December 2023, the warranty provision was £5.8m (2022: £6.4m). See further discussion at note 18.

2 Prior Period restatements

The company balance sheet as at 31st December 2022 and the accompanying notes have been amended to reflect the following restatements:

Certain creditors due to group undertakings have previously been presented as creditors due after more than one year as part of liabilities. These loans are repayable on demand. Although it is not anticipated that repayment will be sought within the next 12 months, with the absence of formal contractual terms stating payment can be deferred by 12 months results in the classification as a

Notes to the financial statements (Continued)

2 Prior Period restatements (continued)

current liability. This results in a reclassification of £43,618k from creditors falling due after one year actually falling due within one year within the company accounts as at 31 December 2022.

There is no impact on either the profit for the year ended 31 December 2022 or net assets at 31 December 2022.

3 Turnover

	2023	2022
	£000	£000
Sale of goods and software	82,401	177,430
Services	1,587	1,654
	<u>83,988</u>	<u>179,084</u>

Services include maintenance and training.

Turnover is split by geographical market as follows:

	2023	2022
	£000	£000
UK & Ireland	15,190	25,854
Continental Europe	56,838	64,649
North America	1,607	76,551
Rest of the World	10,353	12,030
	<u>83,988</u>	<u>179,084</u>

4 Notes to the profit and loss account

	2023	2022
	£000	£000
<i>Profit before taxation is stated after charging:</i>		
Depreciation of tangible fixed assets – owned	259	311
Depreciation of tangible fixed assets – leased	183	186
Amortisation of intangible assets	8,754	6,014
Research and development expensed as incurred	338	1,039
Foreign exchange (gains)/losses	(1,119)	4,503
Loss on disposal of property, plant and equipment	-	51
	<u></u>	<u></u>

Notes to the financial statements (Continued)

4 Notes to the profit and loss account (continued)

Auditors' remuneration:

Audit of these financial statements	80	82
	<u> </u>	<u> </u>

No non-audit services have been provided.

5 Staff numbers and costs

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

	Number of employees	
	2023	2022
Research and development	30	31
Selling and distribution	98	124
Administration	48	41
	<u> </u>	<u> </u>
	176	196
	<u> </u>	<u> </u>

As at 31 December 2023, an average of 176 persons were employed by the Company (2022: 196 persons)

The aggregate payroll costs of these persons were as follows:

	2023	2022
	£000	£000
Wages and salaries	12,151	13,770
Social security costs	1,646	1,698
Other pension costs (see Note 22)	685	697
	<u> </u>	<u> </u>
	14,482	16,165
	<u> </u>	<u> </u>

Notes to the financial statements (Continued)

6 Exceptional items

	2023	2022
	£000	£000
<i>Exceptional costs/(income)</i>		
Litigation (income)/expense	-	(563)
Inventory adjustments	-	332
Reversal of impairment of intercompany balances	(4,750)	-
	<u> </u>	<u> </u>
Total exceptional items	(4,750)	(231)
	<u> </u>	<u> </u>

Exceptional costs/(income)

The exceptional credit for the year includes a £6.0m (2022: nil) impairment credit in relation to the reversal of a fully impaired intercompany loan balance which was paid during the year.

7 Interest receivable

	2023	2022
	£000	£000
Receivable from Group undertakings	300	635
Other	67	1
	<u> </u>	<u> </u>
	367	636
	<u> </u>	<u> </u>

8 Interest payable and similar expenses

	2023	2022
	£000	£000
Interest and commitment fee expense on secured loan	-	22
Interest expense recorded on lease liabilities	39	46
	<u> </u>	<u> </u>
	39	68
	<u> </u>	<u> </u>

Notes to the financial statements (Continued)

9 Taxation

Amounts recognised in profit or loss

	2023	2022
	£000	£000
Current tax expense		
UK tax – current tax on income for the period	-	-
UK tax – current tax on income for the prior period	148	75
Foreign tax – current tax on income for the period	260	-
	<u>408</u>	<u>75</u>
	2023	2022
	£000	£000
Deferred tax (credit)/expense		
Origination and reversal of temporary differences	(170)	1,162
Recognition of previously unrecognised tax losses	(10)	(4,667)
	<u>(180)</u>	<u>(3,505)</u>
	<u>228</u>	<u>(3,430)</u>
Total tax expense/(credit)		
	2023	2022
	£000	£000
Profit excluding taxation	4,159	5,106
	977	970
Tax charge using the UK corporation tax rate of 23.5% (2022: 19%)		
Non-deductible expenses	24	38
Income not taxable	(1,183)	-
Change in unrecognised temporary differences	-	(4,451)
Foreign tax	260	-
Other	150	13
	<u>228</u>	<u>(3,430)</u>
Total tax expense/(credit)		

Notes to the financial statements (Continued)

9 Taxation (continued)

Factors that may affect future tax charges

The standard tax rate applied to reported profit on ordinary activities in the UK is 25%. The main rate of corporation tax in the UK increased from 19% to 25% with effect from 1 April 2023. The effective tax rate may differ from the average statutory rate of 23.5% primarily due to timing differences. With regard to Pillar Two the Promethean Group are not expecting any top up taxes as a result of the Pillar Two regulations.

Unrecognised deferred tax assets and liabilities

There are no unrecognised deferred tax assets and liabilities in 2023 or 2022.

10 Intangible fixed assets

	Development costs	Trademarks	Total
	£000	£000	£000
<i>Cost</i>			
At beginning of year	98,625	-	98,625
Internally generated additions	13,633	451	14,084
	<hr/>	<hr/>	<hr/>
At end of year	112,258	451	112,709
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<i>Amortisation and impairment</i>			
At beginning of year	80,134	-	80,134
Amortisation for the year	8,592	162	8,754
	<hr/>	<hr/>	<hr/>
At end of year	88,726	162	88,888
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<i>Net book value</i>			
At 31 December 2023	23,532	289	23,821
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 December 2022	18,491	-	18,491

Capitalised development costs are not expensed as incurred as the costs meet the conditions requiring them to be treated as an asset in accordance with IAS 38.

The amortisation charge of £8,754,000 (2022: £6,014,000) is recognised within operating expenses.

Notes to the financial statements (Continued)

11 Tangible fixed assets

	Land and Buildings £000	Plant and equipment £000	Right-of-use Assets £000	Total £000
<i>Cost</i>				
At beginning of year	231	11,518	1,074	12,823
Additions	-	116	-	116
At end of year	231	11,634	1,074	12,939
<i>Depreciation</i>				
At beginning of year	231	10,890	520	11,641
Charge for the year	-	259	183	442
At end of year	231	11,149	703	12,083
<i>Net book value</i>				
At 31 December 2023	-	485	371	856
At 31 December 2022	-	628	554	1,182

The balance above in land and buildings relates to leasehold improvements at our office in Blackburn, England.

Notes to the financial statements (Continued)

12 Fixed asset investments

	Shares in Group undertakings £000	Loans to Group undertakings £000	Total £000
<i>Cost</i>			
At a January 2023 and 31 December 2023	145	7,081	7,226
<i>Provision for impairment</i>			
At 1 January 2023 and 31 December 2023	(48)	(7,081)	(7,129)
<i>Net book value at 31 December 2023</i>	97	-	97
Net book value at 31 December 2022	97	-	97

The investment in Group undertakings relates to the following subsidiary undertakings:

	Country of incorporation	Class of shares held	Principal activity	Ownership 2020
Promethean GmbH ¹	Germany	Ordinary €1 Shares	Distributor of electronic equipment	100%
PrometheanSolutions LLP ²	India	Partnership	Development office	99.9%
* Promethean Eğitim Teknolojileri Sanayi Ticaret Anonim Şirketi ³	Turkey	Ordinary 1 Turkish Lira shares	Sales Office	100%

¹ The registered address is Bamberstraße 5c, 45141, Essen, Germany

² The registered address Building No.9, Tower B, Level 12, DLF Cyber City, Phase-111, Gurgaon – 12002, Haryana, India

³ The registered address is Levent Mahallesi Cömert SK. Yapi Kredi Bloklari Sit. C Blok Apt. No: 1 C, 40- Besiktas, Istanbul, Turkey

* dissolved in the financial year

Notes to the financial statements (Continued)

13 Stocks

	2023	2022
	£000	£000
Raw materials and consumables	637	637
Finished goods and goods for resale	6,732	16,722
	<u>7,369</u>	<u>17,359</u>

Inventories recognised as an expense during the year and included in cost of sales amounted to £25,189,000 (2022: £130,181,000).

The inventory provision at 31 December 2023 was £4,059,000 (2022: £4,786,000). Inventory provisions of £954,000 were created in the year (2022: creation of £3,312,000). During the year an amount of £435,000 (2022: £281,000) was utilised and £1,246,000 was released (2022: £839,000).

There is no material difference between the balance sheet value of stocks and their replacement cost.

14 Debtors

	2023	2022
	£000	£000
Current		
Trade debtors	14,462	9,133
Amounts owed by Promethean Group undertakings	18,211	9,535
Other debtors	3,400	3,627
Prepayments and accrued income	982	774
	<u>37,055</u>	<u>23,069</u>

There are no formal contractual terms on the balances owed by Promethean Group undertakings apart from Promethean GmbH and Promethean Poland, and no interest is charged on these amounts. The balances between Promethean Limited and Promethean GmbH, and Promethean Limited and Promethean Poland attract interest at a market rate. These balances are repayable on demand and are expected to be repaid within 12 months.

Notes to the financial statements (Continued)

15 Loans to group undertakings

	2023	2022
	£000	£000
Amounts owed by Promethean Group undertakings	40,775	40,775
	<u>40,775</u>	<u>40,775</u>

There are no formal contractual terms on the balances owed by Promethean Group undertakings and no interest is charged on these amounts. These balances are repayable on demand.

16 Creditors: amounts falling due within one year

	2023	2022
	£000	Restated (see Note 2) £000
Trade creditors	25,808	26,279
Amounts owed to Promethean Group undertakings	55,224	55,380
Other taxation and social security	60	-
Accruals	4,888	2,952
Deferred income	2,957	2,791
Short-term lease liabilities	169	210
	<u>89,106</u>	<u>87,612</u>

Amounts due to Promethean Group Undertakings

There are no formal contractual terms on the balances owed to Promethean Group undertakings and no interest is charged on these amounts. These balances are repayable on demand.

Notes to the financial statements (Continued)

17 Contract liabilities

Contract liabilities as of 31 December are as follows:

	2023	2022
	£000	£000
Deferred revenue	986	589
Extended warranties	1,972	1,838
	<u>2,958</u>	<u>2,427</u>

The contract liabilities listed above represent refund liabilities associated with sales of extended warranties and deferred revenue associated with sales of software subscriptions. The contract liabilities at 31 December 2023 represent the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially satisfied) as of the 31 December 2023. These performance obligations are expected to be satisfied as follows:

	Extended warranties	Other services	Total
	£000	£000	£000
Contract liabilities			
1 year or less	1,113	456	1,569
1 to 2 years	163	187	350
2 or more years	695	343	1,038
	<u>1,971</u>	<u>986</u>	<u>2,957</u>

The following table shows how much of the revenue recognised in the current reporting period relates to brought-forward contract liabilities.

	2023	2022
	£000	£000
Balance b/f	2,427	2,098
Revenue released to income statement	(1,444)	(2,084)
Invoiced in the year	1,975	2,413
Balance c/f	2,958	2,427

The Company did not have any contract assets as at 31 December 2023 or 31 December 2022.

Notes to the financial statements (Continued)

18 Creditors: amounts falling due after more than one year

	2023	2022Restated (see Note 2)
	£000	£000
Long-term lease liabilities (note 21)	296	469
Contract liabilities	1,388	983
	<hr/> 1,684 <hr/>	<hr/> 1,452 <hr/>

19 Provisions for liabilities and charges

	Warranty
	£000
As at 1 January 2022	6,358
Charge for the year	2,128
Utilised in the year	(2,119)
As at 31 December 2022	<hr/> 6,367 <hr/>
Charge for the year	1,953
Utilised in the year	(2,494)
As at 31 December 2023	<hr/> 5,826 <hr/>

Warranty

The warranty provision is calculated by estimating the possible failure rates of the Company's hardware, with the exception of projectors which are covered by a third-party warranty. The

Notes to the financial statements (Continued)

19 Provisions for liabilities and charges (continued)

length of warranty period varies dependent on both the product and country it is sold to; this period can vary between one, five and seven years.

The timing and frequency of product failures are inherently uncertain and for this reason the warranty provision has been disclosed as a current liability.

20 Capital and reserves

Share capital	2023	2022
	£000	£000

Allotted, called up and fully paid

1,010,924 Ordinary shares of £1 each	1,011	1,011
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21 Leases

The activity associated with the Company's right-of-use assets is as follows:

	Land & Building	Motor Vehicles	Total
	£000	£000	£000
Cost			
At 1 January 2023	1,010	64	1,074
Additions	-	-	-
Disposals	-	-	-
At 31 December 2023	<u>1,010</u>	<u>64</u>	<u>1,074</u>
Accumulated depreciation			
At 1 January 2023	466	54	520
Charge for the year	175	8	183
Disposals	-	-	-
At 31 December 2023	<u>641</u>	<u>62</u>	<u>703</u>
Carrying amount			
At 31 December 2023	369	2	371

The Company's right-of-use assets represent leases of office space and vehicles across the world, including the UK, Italy, Spain, and UAE. The leases of office space have a term ranging from 2 to 7 years. The leases of vehicles have a term ranging from 1 to 4 years.

Notes to the financial statements (Continued)

21 Leases (continued)

The Company's lease liabilities can be further analysed as follows:

	2023	2022
	£000	£000
Analysed as:		
Long-term	296	469
Short-term	169	210
	<hr/> 465	<hr/> 679

	2023	2022
	£000	£000
Maturity analysis:		
Year 1	169	210
Year 2	151	171
Year 3 - 5	145	277
Onwards	-	21
	<hr/> 465	<hr/> 679

The Company does not face a significant liquidity risk with regards to its lease liabilities. Lease liabilities are monitored within the Company's Finance function.

Total cash outflow for leases amounted to £249,000 and £249,000 in 2023 and 2022.

During 2023, the Company recognized £34,000 (2022: £40,000) in expense relating to short-term leases. The Company recognized no expense relating to leases of low value assets. At 31 December 2023, the Company does not have any future commitments for short-term leases.

22 Commitments

At 31 December 2023, the Company had capital commitments of £3,000 (2022: £40,000) related to plant and equipment. These commitments are expected to be settled in the following financial year.

Notes to the financial statements (Continued)

23 Pension scheme

The Company contributes to a number of defined contribution pension schemes providing benefits based on contributions made. The assets of the schemes are held separately from those of the Company in independently administered funds.

The pension charge for the year represents contributions payable by the Company to the schemes and amounted to £685,000 (2022: £697,000). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

24 Related party transactions

Transactions with entities that are part of the Group headed by Mynd.ai, Inc are not disclosed, as permitted by FRS 101.8(k). There were no other disclosable related party transactions in the year.

25 Ultimate parent company and parent company of larger group

The parent company is Promethean (Holdings) Limited. The ultimate parent company is Mynd.ai Inc a company incorporated in the Cayman Islands, where its registered office is located and is listed on the Main Board of the New York Stock Exchange. At 31 December 2023, the Directors consider Mynd.ai Inc to be the ultimate controlling party.

The Group headed by Mynd.ai Inc is the largest Group in which the results of the Company are consolidated. The registered address of Mynd.ai Inc is Maples Corporate Services Limited, Ugland House, P.O. Box 309, Grand Cayman KY1-1104.

26 Post balance sheet events

The intercompany balance with Edmodo of £1.3m was written off after 31 December 2023 as the entity has been closed down and ceased trading, therefore the balance is considered irrecoverable.