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MicroSalt PLC
("MicroSalt", the "Company" or, together with its subsidiary, the "Group")

Unaudited half-yearly results for the period ended 30 June 2024

27 September 2024

MicroSalt Plc, (AIM: SAL), a leading provider of full-flavour, natural salt with approximately 50% less sodium, announces its maiden interim results for the six-month period ended 30 June 2024 ("H1 2024"), following the successful admission of the Company to the AIM market of the London Stock Exchange in February 2024.

H1 2024 highlights

- Revenue of US 0.2m (H1 2023: US 0.3m)
- Net loss of US 2.5m (H1 2023: US 1.7m) reflects increased R&D costs and preparation for the commercial roll out with two of the Group's major B2B customers, Customer B and Customer C
- Gross cash of US 2.4m at 30 June 2024 (31 December 2023: US 0.1m)
- R&D projects significant progressed regarding three new iterations of MicroSalt to expand its effectiveness across additional food formulas and environments
- Strengthened IP with grant of Low Sodium Salt Composition patent (patent no. 11,992,034)
- Operational team expanded in line with plan, with appointment of a new UK sales manager, US based Group financial controller and US based senior accountant
- New ERP system (NetSuite) successfully implemented

Post period end highlights

- Customer B, the Mexican business of one of the world's largest food, soft drink and snack manufacturers, placed repeat orders for 58mT of MicroSalt
- Bulk B2B business - MicroSalt has advanced its negotiations with major food manufacturers, with volume commitments of approximately 92mT received in Q3, and further progress expected in Q4 from companies in Mexico, the UK and the US
- Ingredients Online is a B2B e-commerce marketplace for bulk and wholesale ingredients. MicroSalt bulk will be sold direct to the customer from the Ingredients Online warehouses in New Jersey and California by the end of October
- B2C placement of shakers and SaltMe! low sodium crisps across approximately 600 new US stores in Q3, with retailers including Winn Dixie, Fresh Thyme, Sedano, Northwest Grocer, Cub Foods and Central Market stores. Approximately 1,200 US stores now retail MicroSalt products
- Strong pipeline with significant volume customer prospects at advanced stages with a range of national and multi-national companies with scope for MicroSalt to be nominated as a supplier on larger product lines once established with these key customers.

RICK GUINEY, CEO OF MICRO SALT COMMENTED: *The first half continued Microsalt's 2023 momentum, with its successful IPO, operational and R&D progress, and coupled with preparation for upcoming commercial B2B customer product launches. In addition to progress made in North America, our geographic outreach is expanding with inroads into Asia, Australia, South Africa, the UK, Germany, Canada and Latin America with a resultant boost to our sales pipeline. We look to the future with confidence in both our product range and health proposition.*"

For more information, please visit www.microsaltinc.co, follow on X @microSaltPLC or contact:

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Notes to Editors

MicroSalt® produces a patented full-flavour, low-sodium salt for food manufacturers and consumers.

MicroSalt is a major potential disruptor in the food market, thanks to its micron sized particles which deliver the same sense of saltiness to a wide range of foods but with approximately 50% less sodium. Excess sodium consumption is a significant contributor to cardiovascular disease and MicroSalt's solution meets the rising demand for healthier alternatives to traditional salt. The WHO has set a target for reducing global sodium intake by 30% by 2025, which it estimates will save 7 million lives by 2030.

Each year, cardiovascular disease costs the UK £19 billion - if the average salt intake was reduced by one gram per day, it has been estimated that 4,147 lives and £288 million would be saved each year in the UK. As a nation, the UK consumes 183 million kilograms of salt each year, and 70% of the typical person's sodium intake is hidden in processed foods.

Operational since 2018, MicroSalt uses a patent-protected technology which helps create high barriers to entry within the reduced-sodium salt market.

The Directors believe that MicroSalt is well positioned to capture growth in the low sodium market, which is expected to grow exponentially, and that there is also scope to enter the larger salt market.

Chief Executive Officer's statement

Introduction

The Company's mission is to reduce excess sodium consumption which significantly contributes to hypertension and heart disease, by providing a full-flavour salt with approximately 50% less sodium than traditional salt for food manufacturers and consumers.

To achieve this, the Group has developed a patent protected and scalable manufacturing process that produces a salt crystal that is approximately 100 times smaller than traditional salt. Due to its micron sized particles, MicroSalt has improved adhesion to food (compared with traditional salt crystals) and dissolves much faster on the tongue, thereby delivering the same sense of saltiness as traditional snacks but reducing sodium intake.

H1 2024 was an exciting period for MicroSalt, including the successful admission of the Company to the AIM market of the London Stock Exchange in February. Alongside our continued R&D efforts, infrastructure and staffing improvements, we have made considerable customer and strategic progress. Whilst acknowledging the rollout of MicroSalt across new and/or further B2B product lines has been slower than anticipated during the current year to date, recent customer engagement across both B2B and B2C give the Board confidence that the short to medium term outlook remains highly encouraging. We have strengthened our IP position with a grant of an additional patent, added 600 new product placements in retail, progressed in new product development and production techniques, and have a considerably wider and deeper relationship with our two main B2B customers, who we refer to as Customer B and Customer C (see below for further details), a UK blue chip

potential customer as well as increasing momentum with the number of US retailers stocking SaltMe! crisps and MicroSalt shakers. I have no doubt that we are well positioned to capitalise on our growing market.

Furthermore, as we promote our vision of a healthier future through reduced sodium in today's diets, we are discovering more and more possibilities and commercial opportunities. This is amplified by certain R&D programmes we have been running, including for example, using alternate carrier particles rather than maltodextrin and to expedite and streamline the reformulation process.

Our leadership team's commitment has driven positive feedback, which continually affirmed that our products are timely and essential. Our outreach initiatives have extended across continents, with further inroads in Asia, Australia, South Africa, the UK, Germany, Canada, and Latin America, all of which have boosted our sales pipeline. Moreover, our consumer products, including SaltMe! crisps and MicroSalt shakers, have successfully provided a low-sodium alternative for households worldwide, as we begin to cement our brand as an essential, generation-spanning choice. Relationships amongst the largest global food manufacturers are strong, and discussions with them include production execution and rollout timetables for the finished FMCG market.

Financial summary

The Company's revenue of US 0.2m (H1 2023: US 0.3m) and net loss of US 2.5m (H1 2023: US 1.7m) are both reflective of efforts focused on R&D and preparation for the launch of the first two major food manufacturing customers within the Company's B2B solution. Translation of our B2B pipeline of opportunities was always going to take time, but additional commercial purchase orders were received from Customer B, the Mexican business of one of the largest beverage/snack food companies in the world (Customer C) with 58 mT of MicroSalt ordered and being delivered in Q3 and Q4 of 2024. Accordingly, most of the revenue in H1 was D2C (Direct to Consumer). The Group made the strategic decision to focus on B2B in 2024, and, with initial orders received in the latter half of 2024 as well as multiple other B2B opportunities in various stages of testing/customer acceptance procedures, that strategy is starting to deliver revenue for MicroSalt, albeit we do acknowledge this has been slower than we originally anticipated.

Cash as at 30 June 2024 was US 2.4m (31 December 2023: US 0.1m) benefitting from the US 2.8m IPO (net) proceeds, as well as further cash injections of 2.1m following the conversion of 3,497,096 warrants in the Company during the period.

Inventories increased to US 0.8m (31 December 2023: US 0.6m), predominantly due to an increase in raw materials, again in preparation for the expected bulk orders from the Company's first two major food manufacturing B2B customers.

Trade and other receivables decreased to US 0.8m (31 December 2023: US 1.3m), predominantly due to the settlement of US 0.7m of deferred costs in relation to the IPO included in prepayments at 31 December 2023.

Trade and other payables decreased to US 0.6m (31 December 2023: US 1.7m), predominantly due to settlement of trade payables and related party liabilities following the IPO fundraise.

Borrowings also increased to US 2.9m (31 December 2023: US 2.5m), predominantly due to increases in convertible loan notes from Tekcapital plc, the largest shareholder of the Company.

Operations summary

The key focus of the Group during H1 2024 was on our larger-volume B2B opportunities with several multinational FMCG companies and food manufacturers and on greatly expanding our R&D efforts to ensure that MicroSalt was reactive to the requests of the market. These projects focused on three new iterations of MicroSalt to expand its effectiveness across various additional food formulas and environments. We expect this will lead to additional markets, such as foodservice and healthcare, additional patented processes, and other potential applications for MicroSalt in both the short and long term.

The Group is now an approved supplier in North and South America for one of the world's largest food manufacturers as well as the US, Canada, and the UK for one of the world's largest spice and ingredient suppliers. Additional placements within the e-commerce sales channel for both our bulk and retail product lines will continue to bring in new customers and highlight our status within the low sodium community.

Our B2C sales efforts for both SaltMe! and MicroSalt shakers continue to gain new distribution with placements in 1,200 stores, as well as engagement within active e-commerce platforms such as Thrive, that specialise in "better for you" products.

We have also completed the successful implementation of a new ERP system (NetSuite) to provide better and more timely financial reporting and controls, as well as inventory controls and approval processes.

Sales and marketing

MicroSalt attended several US based and international food shows, which has been the core focus of its sales and outreach efforts. The Company also invests actively into brand awareness and social media campaigns relevant to its D2C business. The Company appointed the U.K. celebrity chef Jack Stein as a brand ambassador, added a full-time bulk salesperson in the UK, expanded the D2C broker network, improved its representation within Amazon, and added sales growth into the Canadian market. The Company is negotiating a purchasing agreement and joint development agreement with what we term Customer C, one of the world's largest food manufacturers that is expected to be executed in late 2024. Discussions are also underway for two major private label opportunities that should be announced by 31 December 2024.

Employees

New employees hired to support growth and to continue our sales outreach efforts include:

- Placement of a new UK sales manager
- Placement of a US based group financial controller
- Placement of a US based Senior Accountant

Intellectual property

In May 2024 the United States Patent and Trademark Office granted and issued MicroSalt's patent entitled 'Low Sodium Salt Composition'. As the Group's R&D efforts continue to result in new formulations, the Company will explore further patents to protect its IP.

Political/regulatory update

The World Health Organisation ('WHO') has set a target of reducing global sodium intake by 30% by 2025, which it estimates will save 7 million lives by 2030. WHO research also found that every US 1 spent on sodium reduction translates to US 12 in healthcare cost savings for treating cardiovascular disease. Governmental pressure continues to increase with new regulations in Canada for 2025. Additionally, local dieticians and purchasing authorities are taking action, regardless of any legal mandates, to lower sodium.

New governmental pressures on HFSS regulation in the UK are also re-igniting sales conversation for both bulk and private label customers. These political pressures provide opportunities for growth in MicroSalt in both the short and long term.

Current trading and outlook

MicroSalt made solid operational progress in H1 2024, however the rollout of MicroSalt across new and/or further product lines has been slower than hoped. However, positive trials have been undertaken during this year so far, as well as deepening our knowledge of and relationships with our key B2B customers and target customers. Furthermore, we are increasingly confident of announcing further commercial volume orders before the end of 2024 in the US, Mexico and the UK.

In addition to our focus on B2B sales of MicroSalt® to food manufacturing companies, MicroSalt continues to expand its low sodium saltshakers during 2024. Approximately 800 supermarkets now carry these shakers.

The combination of our strategic, commercial, sales and R&D efforts provide a strong pipeline with significant volume customer prospects at advanced stages. These include a range of national and multi-national companies with scope for MicroSalt to be nominated as a supplier on larger product lines once established with these key customers. The impact of our efforts will also reach across several sectors including not only bulk and SaltMe! crisps, but also foodservice, QSR/FSR (Quick service restaurants / Fast service restaurants), and health care, amongst others. As a result, we approach the future with confidence and anticipate near-term commercial successes.

Finally, I must recognise, on behalf of the Board, our sincere thanks to all stakeholders in the business who have supported us and are making possible the achievement of our mission and objectives. In our opinion, the support of our shareholders

is justified, and although I would have liked to have announced further commercial volume orders during the year to date, we are excited about the remainder of 2024 as we anticipate MicroSalt receiving recurring commercial volume purchase orders for its bulk product.

Rick Guiney
Chief Executive Officer
27 September 2024

Condensed consolidated statement of profit or loss and other comprehensive income

	Note	Six months ended 30 June 2024 Unaudited US '000	Six months ended 30 June 2023 Unaudited US '000	Year ended 31 December 2023 Audited US '000
Revenue		220	257	574
Cost of sales		(199)	(259)	(724)
Gross profit/(loss)		21	(2)	(150)
Other operating income		3	-	120
Administrative expenses		(1,790)	(1,655)	(3,318)
IPO Costs		(641)	-	-
Operating loss		(2,407)	(1,657)	(3,348)
Finance expense		(140)	(35)	(131)
Loss before taxation		(2,547)	(1,692)	(3,479)
Taxation		-	-	-
Loss for the year		(2,547)	(1,692)	(3,479)
Loss for the year attributable to:				
Owners of the parent		(2,547)	(1,317)	(3,479)
Non-controlling interests		-	(375)	-
		(2,547)	(1,692)	(3,479)
Other comprehensive income				
<i>Items that may or may not be recognised in profit or loss:</i>				
Foreign currency translation differences		(251)	14	6
Total comprehensive income		(2,798)	(1,678)	(3,473)
Total comprehensive loss attributable to:				
Owners of the parent		(2,798)	(1,303)	(3,473)
Non-controlling interests		-	(375)	-
		(2,798)	(1,678)	(3,473)
Loss per share for loss attributable to the owners				
Basic and diluted loss per share (US)	5	(0.22)	0.00	(0.39)

Condensed consolidated statement of financial position

	Note	As at 30 June 2024 Unaudited US '000	As at 31 December 2023 Audited US '000
Assets			
Current assets			
Inventories		826	568
Trade and other receivables		817	1,259
Cash and cash equivalents		2,419	117

Total current assets	4,062	1,944
Non-current assets		
Property, plant & equipment	7	8
Intangible assets	385	321
Total non-current assets	392	329
Total assets	4,454	2,273
Liabilities		
Current liabilities		
Trade and other payables	649	1,745
Total current liabilities	649	1,745
Non-current liabilities		
Borrowings	2,931	2,524
Total non-current liabilities	2,931	2,524
Total liabilities	3,580	4,269
Net assets/(liabilities)	874	(1,996)
Equity		
Share capital	6	96
Share premium		5,526
Share-based payment reserve		1,185
Capital contribution reserve		500
Accumulated losses		(6,182)
Translation reserve		(251)
		874
Non-controlling interests		-
Total equity	874	(1,996)

Condensed consolidated statement of changes in equity

For the six months ended 30 June 2024

	Note	Share capital US '000	Share premium US '000	Share based payment reserve US '000	Capital contribution reserve US '000	Accumulated losses US '000	Translation reserve US '000	attr
Balance as at 31 December 2022	-	1,121	488	2,452	(3,999)	-	-	
Loss for the year	-	-	-	-	-	(1,318)	-	
Other comprehensive loss							14	
<i>Transactions with owners</i>								
Capital contribution from ultimate controlling party	-	-	-	500	-	-	-	
Share-based payments	-	-	372	-	-	-	-	
At 30 June 2023 (unaudited)	-	1,121	860	2,952	(5,317)	14	-	
Balance as at 31 December 2023	73	-	1,060	500	(3,635)	6	-	
Loss for the year	-	-	-	-	-	(2,547)	-	
Other comprehensive income	-	-	-	-	-	-	(257)	
<i>Transactions with owners</i>								
Issue of ordinary share capital	6	23	6,228	-	-	-	-	
Share issue costs	-	(702)	-	-	-	-	-	
Share-based payments	-	-	125	-	-	-	-	
At 30 June 2024 (unaudited)	96	5,526	1,185	500	(6,182)	(251)	-	

Condensed consolidated statement of cash flows

		Six months ended 30 June 2024	Six months ended 30 June 2023
	Note	Unaudited US '000	Unaudited US '000
Cash flows from operating activities			
Loss before income tax		(2,547)	(1,692)
Depreciation of property, plant and equipment		1	1
Amortisation of intangible assets		4	2
Share based payment expense		125	372
Finance expense		140	35
		(2,277)	(1,282)
(Increase) / decrease in inventories		(257)	(366)
Decrease / (increase) in trade and other receivables		442	(285)
(Increase) / decrease in trade and other payables		(1,097)	353
Net cash used in operating activities		(3,189)	(1,580)
 Cash flows from investing activities			
Purchase of intangible assets		(68)	(76)
Payments to acquire property, plant and equipment		-	(20)
Net cash used in investing activities		(68)	(96)
 Cash flows from financing activities			
Issue of shares		6,251	-
Proceeds from borrowings		267	1,678
Payment of share issue costs		(702)	-
Net cash from financing activities		5,816	1,678
 Increase in cash and cash equivalents		2,559	2
Cash and cash equivalents at beginning of year		117	91
Effect of foreign exchange rate changes		(257)	14
Cash and cash equivalents at end of year		2,419	107

Notes to the consolidated financial statements

1. General information

MicroSalt Plc (the "Company") is registered and incorporated in England and Wales. The registered office is 12 New Fetter Lane, London, United Kingdom, EC4A 1JP. The Company is a public limited company, which has been quoted on the AIM market of the London Stock Exchange since 2024.

The principal activity of the Company together with its subsidiary undertaking (the "Group") is that of the development and sale of low sodium salt and snack foods.

2. Basis of preparation

The financial information for the six months ended 30 June 2024 set out in this interim financial information is unaudited and does not constitute statutory financial statements. The interim condensed financial information has been presented in US Dollars ("") and is rounded to the nearest dollar.

3. Accounting policies

The accounting policies applied by the Group and its subsidiaries in these unaudited half year results are consistent with those applied in the annual financial statements for the year ended 31 December 2023.

The financial statements of MicroSalt Plc Group have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) as adopted by the United Kingdom and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 2 of the FY 2023 accounts.

4. Going concern

The 2024 interim financial information has been prepared on a going concern basis.

The Group meets its day to day working capital requirements through financing coming primarily via cash raised pursuant to the Company's IPO on the AIM Market of London of London Stock Exchange plc.

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

5. Basic and diluted loss per share

Basic and diluted loss per share is calculated by dividing the result attributable to equity holders by the weighted average number of ordinary shares in issue. Loss per share is presented based on the number of shares outstanding in the Company.

	30 June 2024	31 December 2023
Loss used in calculating basic and diluted loss per share (US)	(2,547,000)	(3,479,000)
Weighted average number of shares	11,589,197	8,895,498
Basic and diluted loss per share (US)	<u><u>(0.22)</u></u>	<u><u>(0.39)</u></u>

The diluted earnings per share is identical to the basic loss per share as the exercise of warrants and options would be anti-dilutive.

6. Share capital

	30 June 2024	30 June 2024	31 December 2023	31 December 2023
	Shares	US	Shares	US
Allotted, called up and fully paid				
Opening number of £0.001625 ordinary shares	35,245,729	72,926	-	-
Opening number of £0.01 ordinary shares	-	-	1,892	26
Subdivision into £0.000003125 ordinary shares	-	-	6,052,508	-
Issue of ordinary share	-	-	1	-
Consolidation of shares into £0.001625 ordinary shares	-	-	(6,042,758)	-
Issue of ordinary shares	<u><u>11,268,879</u></u>	<u><u>22,903</u></u>	<u><u>35,234,086</u></u>	<u><u>72,900</u></u>
Closing number of £0.001625 ordinary shares	<u><u>46,514,608</u></u>	<u><u>95,829</u></u>	<u><u>35,245,729</u></u>	<u><u>72,926</u></u>

All issues are for cash unless otherwise stated.



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