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Calnex Solutions PLC
20 May 2025

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Calnex Solutions plc

("Calnex", the "Company" or the "Group")

Final Results

Calnex Solutions plc (AIM: CLX), a leading provider of test and measurement solutions for the global telecommunications and cloud computing markets, announces its Final Results for the year ended 31 March 2025 ("FY25" or the "Year").

Highlights

£000	FY25	FY24	YOY % change
	Audited	Audited	
Revenue	**18,386**	16,274	13%
Gross profit	**13,763**	11,947	15%
Gross margin %	**75%**	73%	+2ppts
Underlying EBITDA[1]	**1,151**	80	1,339%
Profit/(loss) before tax	**720**	(384)	-
Basic EPS (pence)	**0.38**	0.05	660%
Diluted EPS (pence)	**0.36**	0.04	800%
Closing cash	**10,912**	11,868	(8)%

[1] *Refer to note 32 for explanation of the alternative performance measures calculations. A full reconciliation between Underlying EBITDA and profit before tax is also shown in the Financial Review below.*

Financial Highlights

- Financial performance improved notably in H2, driven by a higher proportion of high-value sales and increasing demand across cloud computing, defence and satellite markets.
- Improved gross margin, reflecting the increased revenue volumes and product mix in the year.
- Strong balance sheet with closing cash position of £10.9m (31 March 2024: £11.9m), £2.3m ahead of the cash position at the half year, reflecting H2 cash generation.
- Closing trade receivables balance of £5.3m after strong Q4 trading. Majority of balance received in April 2025, with total cash position increasing to £12.7m at 30 April 2025.
- Cost control measures taken through the year also contributed to the return to profit.
- Proposed final dividend of 0.62p per share. Total of 0.93p per share for FY25 (FY24: 0.93p).

Operational Highlights

- Positive impact of recent R&D investment into areas showing the most near-term potential.
- Successful launch of Paragon neo-S in H2, our 800Gb/s synchronisation testing product, with orders to date demonstrating strong early uptake across the telecoms and data centre markets.
- Network and Application Assurance (NAA) business orders have increased on the prior year, driven by success in the US defence and enterprise sectors, cloud computing, satellite and telecoms.
- Headcount remained broadly flat year-on-year, with targeted graduate and specialist hires supporting new initiatives, including enhanced partner management.
- Successfully onboarded multiple new channel partners covering North America, Europe, India and Asia-Pacific, giving us the opportunity to expand the sales coverage previously enjoyed with Spirent Communications.

Outlook

- Entered FY26 with an increased order backlog and growing engagement across key sectors.
- Recently launched products are gaining traction, with growing demand for 800Gb/s synchronisation testing.
- Encouraging customer engagement to date for 1.6Tb/s synchronisation testing.
- Long-term market opportunity in telecoms, cloud computing and defence as the industries invest in infrastructure to advance towards pervasive 5G coverage, emergence of 6G, gen AI, and other new technologies.
- Well positioned to convert the telecoms sales pipeline once the trading environment improves, but not reliant upon that for a positive trading performance.
- Confident in continued growth in FY26, in line with market expectations.

Tommy Cook, Chief Executive Officer and founder of Calnex, said:

"We have made strong progress this year across key sectors, despite the ongoing challenging telecoms market. Both the implementation of our sales network and our product expansion strategy have progressed materially this year, with healthy uptake of the 800Gb/s synchronisation testing solutions and increased demand for our NAA products driving the return to growth.

We enter FY26 with a healthy order backlog, strong cash balance and increasing customer engagement. Momentum from product development is building into FY26, which, with stabilised trading in the telecoms market, longstanding customer *relationships across all territories and a widening footprint in a variety of end markets, leaves us well-positioned to convert our sales pipeline and deliver another year of growth and FY26 performance in line with market expectations.*

While macro uncertainty remains, particularly with geopolitical developments, the telecoms industry's continued innovation around 1.6Tb/s and high-speed application testing presents further long-term growth opportunity for Calnex. Our strategy remains focused on scaling in cloud and defence markets, maximising momentum behind Paragon-neo, and continuing to enhance our NAA platform capabilities. With strong foundations and an experienced team in place, we are confident in our ability to deliver sustained long-term growth."

For more information, please contact:

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Overview of Calnex

Calnex Solutions designs, produces and markets test and measurement instrumentation and solutions for the telecoms and cloud computing industries. Calnex's portfolio enables R&D, pre-deployment and in-service testing for network technologies and networked applications, enabling its customers to validate the performance of the critical infrastructure associated with telecoms and cloud computing networks and the applications that run on it.

To date, Calnex has secured and delivered orders in 68 countries across the world. Customers include BT, China Mobile, NTT, Ericsson, Nokia, Intel, Qualcomm, IBM, Nvidia and Meta.

Founded in 2006, Calnex is headquartered in Linlithgow, Scotland, with additional locations in Belfast, Northern Ireland, Stevenage, England and California in the US, supported by sales teams in China and India. Calnex has a global network of partners, providing a worldwide distribution capability.

Chair's Statement

Overview

FY25 marked a return to growth for Calnex, in line with market expectations, despite the ongoing challenges faced across the telecoms market. The resilience and agility of the Calnex team have yet again come to the fore and have been demonstrated by the diligent response to trading conditions, with a continued focus on areas of the telecoms, cloud computing and defence markets showing the most near-term growth opportunity.

A return to growth in FY25

Revenue for the year grew by 13% to £18.4m (FY24: £16.3m) and the business returned to profitability, delivering PBT of £0.7m. Financial performance steadily improved throughout the year and the positive momentum which built across H2 was underpinned by demand for the newly launched 800Gb/s synchronisation testing solutions across both the telecoms and data centre markets, as well as increased orders from the Network and Application Assurance (NAA) business in the cloud computing, defence and satellite markets.

Cost control measures implemented through the year have also contributed to the Group's return to profit, while strong cash generation in H2 contributed to a year-end cash position of £10.9m, £2.3m ahead of the cash position at the half year. A large part of this balance was received the following month, taking the cash balance up to £12.7m at the end of April 2025.

Following the review of Calnex's sales channels, the transition to a new multichannel model has been successfully implemented during the year. The onboarding of new partners across key territories has expanded the Group's global coverage, and I am pleased to report that the transition has been well managed, with minimal disruption to the business. The new model positions Calnex to drive future growth, whilst also enabling more direct engagement with customers and greater control over sales operations.

As always, I would like to thank our people across the business for their continued efforts and expertise. They have been fundamental to the return to growth delivered this year and they are key to Calnex's future ambitions.

ESG

Calnex remains committed to upholding high standards of environmental awareness, social responsibility, and governance. Our "people first" ethos is foundational to the company, which is built on trust and respect for each other, for the environment, and for the local communities of our employees across the globe.

Calnex enjoys and thrives in a diverse workforce where collaboration is encouraged and inclusion is key to building high performing, engaged and successful teams. Our strong values are promoted through a variety of employee engagement and learning and development programmes. In addition, our employee-led environmental, social, and charity group continues to thrive, reflecting strong levels of engagement across the company. This is reflected in the high staff retention rate of 94% over FY25.

Both Calnex's operational processes and products have a low environmental impact, and the senior leadership team and wider staff remain committed to further reducing our environmental footprint. Our software-first approach enables us to significantly reduce the impact our products have on the environment, driving increased product longevity.

Outlook

Despite geopolitical uncertainties and continuing sluggishness in certain markets, trading this year has started well and we are confident of meeting market expectations. Looking further ahead, the Board believes Calnex is very well positioned to capitalise on the long-term structural drivers and deliver long-term growth.

Stephen Davidson
Non-Executive Chair
19 May 2025

CEO Statement and Operational Review

Overview

Against a backdrop of persisting telecoms market challenges, we achieved a return to growth, driven by the execution of our product expansion strategy and increased demand in areas across both established and newer markets showing near-term potential. The improvement in performance was most evident in the second half, supported by strong uptake of our new 800Gb/s synchronisation testing solutions, growth in other sectors such as cloud computing and defence, and early success in operating under our new multichannel sales model.

Customer Metrics

The number of customers who ordered from us in FY25 was 275 (FY24: 274). The proportion of orders from customers in the cloud computing market continued to grow, increasing to 43% (FY24: 39%), reflecting the ongoing momentum behind NAA product sales and the broader adoption of our offerings beyond the telecoms sector.

Our top 10 customers accounted for 45% of orders (FY24: 52%) on a 3-year average basis, and 77% of orders were from repeat customers (FY24: 76%) on a 3-year average basis. Over the last few years we have seen a shift in our customer dynamics, with our top customers now including hyperscalers, government departments and vendors supplying equipment for the data centre infrastructure. Simultaneously, robust levels of repeat business are testament to the strength of Calnex's customer relationships.

Our regional revenue split for FY25 was: Americas 40% (FY24: 31%), North Asia 18% (FY24: 21%), and ROW 42% (FY24: 48%). The uptick in Americas revenue reflects renewed spending in the US market for our synchronisation testing solutions as well as the NAA platforms, whilst the performance in the ROW region was primarily driven by Lab Sync and Network Sync order growth. The performance in North Asia was driven by growth in China, albeit with the backdrop of continued challenges in that market.

Market Backdrop

The telecoms sector remained subdued through the year, but there are now cautious signs of recovery, including improved customer engagement and an increase in quality of interactions regarding near-term purchases. The telecoms industry has historically been through shocks and turbulent periods and has always bounced back. Having endured sustained pressures over the past two years and having had to adapt processes and cost structures accordingly, it appears that telecoms providers may be more financially resilient at this moment in time and better placed to withstand future macroeconomic shocks in the context of the current uncertain climate.

Crucially, the significant growth potential in the telecoms market remains intact, as the need for test instrumentation accelerates in line with the inevitable evolution of network infrastructure and customer needs. The global network infrastructure market has been predicted to grow by 2.1% CAGR from 2023-2028, despite the recent downturn.[1]

Elsewhere, growth in cloud, AI and data centre infrastructure continues to create strong demand for our test and emulation platforms. Reliable test equipment for verifying networks and application performance is increasingly important in the context of the rapid advancement in AI and the build-out of data centres, and demand will only continue to grow as the speed of advancement accelerates.

The defence sector has recently demonstrated strong growth potential. Here we have seen increasing demand for our NAA products, driven by the need to ensure reliable application performance in the military environment. This is an exciting new opportunity for Calnex, as investment into test equipment in the defence sector is increasing within an already substantial growth market. To support the expansion of this customer segment we have hired a US-based Business Development resource with the remit to expand the Group's US federal customer base.

The Board is monitoring the effects of proposed US tariff arrangements and will work with our customers and partners to navigate the new landscape effectively.

Product Innovation

FY25 marked a continuation of our strategy to align R&D spend and product innovation with opportunities showing the most near-term resilience and potential within the established telecoms market and in the newer cloud computing and data centre markets.

Paragon-neo supporting telecoms and data centre expansion

Paragon neo-S, our 800Gb/s synchronisation testing solution launched in H2 FY25, plays a pivotal role in addressing the industry's shift towards ultra-high-speed interfaces. Originally developed to support higher speeds within the telecoms industry, its relevance has quickly extended beyond telecoms, also gaining traction across adjacent markets such as data centres and vendors supplying equipment for deployment in data centres, reflecting broader demand for high speed synchronisation.

Paragon neo-S has been well received by customers and contributed meaningfully to revenue in H2, with orders to date demonstrating strong early uptake across the telecoms and data centre markets.

In line with our product innovation strategy, investment continues to focus on high-speed test innovation and enhancing application-specific functionality across our platforms. With customers already engaging with us on future 1.6Tb/s synchronisation testing requirements, we have identified technology which we believe will enable delivery of 1.6Tb/s synchronisation testing within calendar year 2027, underlining Calnex's position at the forefront of synchronisation testing innovation.

NAA platforms driving growth in Cloud Computing and Data Centre Markets

Our NAA platforms - SNE-X, supporting 400GbE interfaces, and NE-ONE - delivered strong performance in FY25, particularly in the US defence and enterprise sectors. Our products targeting these markets are now increasingly contributing to revenue and our ongoing go-to-market strategy into wider end markets continues. Regionally, we saw particular strength in the US, and while conditions in China remain challenging, we trialled a Paragon enhancement in the year that could contribute to growth in FY26 in that region.

In the data centre market, we are working directly with leading data centre companies to tailor solutions, such as a first-to-market 400 GbE Ethernet network emulation product for specific customer-driven performance needs. In defence and space, our products are used as part of large-scale technology solutions for defence contracts, and we have established partnerships on government and academic projects for satellite and non-terrestrial networks, collaborations that have informed our product roadmap and resulted in uptake from other companies within this ecosystem.

In H2 we were pleased to also secure a repeat order from a major hyperscaler that is investing in its data centre operations, highlighting the relevance of our solutions in a rapidly scaling cloud environment. As we look to the future, we are focused on enhancing our high-speed capabilities and extending the application reach of our NAA platforms, ensuring continued alignment with evolving customer requirements.

1 Frost and Sullivan, "Global 5G Network Infrastructure Growth Opportunities", Feb 2024.

Financial performance

We report revenue of £18.4m (FY24: £16.3m) and profit before tax of £0.7m (FY24: loss of £0.4m). Revenue and gross margin performance improved notably in the second half of the year, driven by a higher proportion of high-value sales and increasing demand across cloud computing, defence and data centre end markets.

The business delivered positive cash generation in H2 and continues to benefit from a strong cash position, with year-end cash of £10.9m (FY24: £11.9m). Cash increased to £12.7m at the end of April 2025.

People

Our team continues to be central to our identity. Headcount remained broadly flat year-on-year at 155, with targeted graduate and specialist hires offset by natural attrition and a small number of retirements. Hires in the period have supported new initiatives, including enhanced partner management and expansion of our US federal customer base. Retention remains strong, and our culture of inclusion and development continues to attract high-calibre talent.

Sales Channel Review

FY25 marked the first year operating under our new sales channel strategy, following the planned transition away from Spirent. We are pleased with the results so far, having successfully onboarded new partners across North America, Europe, India, and Asia-Pacific, which has broadened our partner base and expanded our sales coverage beyond what was previously achieved with Spirent.

The transition has served as a catalyst for internal enhancements. We have appointed dedicated channel managers, separate from the direct sales team, to improve partner engagement. Additionally, we have implemented clearer KPIs and improved onboarding and performance management processes. While we anticipated some transitional impact, particularly in the first half, the year concluded with a significantly reduced proportion of orders via Spirent compared to FY24 with order flow successfully transitioning to new partners. Second-half trading reflected the success of the new model, contributing to revenue growth.

Outlook

We enter FY26 with a healthy order backlog, strong cash balance and increasing customer engagement. Momentum from product development is building into FY26, which, with stabilised trading in the telecoms market, longstanding customer relationships across all territories and a widening footprint in a variety of end markets, leaves us well-positioned to convert our sales pipeline and deliver another year of growth and FY26 performance in line with market expectations.

Longer term, while macro uncertainty remains, particularly with geopolitical developments, the telecoms industry's continued innovation around 1.6Tb/s and high speed application testing presents further long-term growth opportunity for Calnex. Our strategy remains focused on scaling in cloud and defence markets, maximising momentum behind Paragon-neo, and continuing to enhance our NAA platform capabilities. With strong foundations and an experienced team in place, we are confident in our ability to deliver sustained long-term growth.

Tommy Cook
Chief Executive Officer
19 May 2025

Chief Financial Officer's Statement

The results for the year are an encouraging return to growth for revenue, profit and margins, despite the continuing challenges in our end markets. Gross margins have improved in the year, and we continue to benefit from a strong balance sheet, cash balance and robust customer relationships.

Amongst our three regions, the Americas was the most impacted by the telecoms slow down in prior years and, as a result, our focus in FY25 was on cloud-based infrastructure and applications and on government sector opportunities, whilst the telecoms sector was subdued. The Americas revenues increased significantly year on year as this approach has proved successful.

Rest of World (EMEA, India, South East Asia, Australasia) was the least affected by the slow-down in prior years. Although revenues in the year fell very slightly in relation to the prior year, orders grew year on year and the timing of orders to shipments in Q4 meant that some of the growth will translate to revenues in early FY26. The ROW region benefits from a diverse range of end customer sectors, helping to mitigate trading risks within any one sector.

Within North Asia, revenues have remained flat year on year despite China remaining a challenging environment for trading due to the impact of US restrictions. We continue our focus on business in the other countries in the region as a priority.

From a product line perspective, Lab Sync (Paragon-neo and Paragon-X) experienced a year on year growth in orders as a result of the release of the Paragon neo-S, the new 800Gb/s synchronisation testing solution, with timing on orders received in Q4 pushing some of the revenue from this order growth into opening backlog for FY26. Our Network Sync product revenues grew in the year, predominantly driven by a repeat order from a major hyperscaler that is investing in its data centre operations.

Our NAA network emulation product for infrastructure testing, SNE, also experienced revenue growth after a difficult year of trading in FY24, as a result of growing demand for our newly launched SNE-X & SNE-Ignite product, particularly in the Americas and North Asia regions. NE-ONE, our NAA network emulation for testing of applications product, experienced a reduction in revenue in the year impacted by a shift in marketing focus to our new SNE and Paragon releases in FY25. Focus is on returning this product line to growth in FY26 with our plans for further expansion of the sales channel and supporting marketing activity for our NAA products.

Financial KPIs

£000	**FY25**	**FY24**
Revenue	18,386	16,274
Gross Profit	13,763	11,947
Gross Margin	75%	73%
Underlying EBITDA [1]	1,151	80
Underlying EBITDA %	6%	0%
Profit/(Loss) before tax	720	(384)
(Loss)/Profit before tax %	4%	(2%)
Closing cash and fixed term deposits	10,912	11,868
Capitalised R&D	4,836	5,579
Basic EPS (pence)	0.38	0.05
Diluted EPS (pence)	0.36	0.04

[1] *Refer to note 32 for explanation of the alternative performance measures calculations. A full reconciliation between Underlying EBITDA and the statutory measures is also shown below.*

Reconciliation of statutory figures to alternative performance measures - Income Statement

	FY25 £000	FY24 £000
Revenue	**18,386**	**16,274**
Cost of sales	(4,623)	(4,327)
Gross Profit	**13,763**	**11,947**
Other income	913	797
Administrative expenses (excluding depreciation & amortisation)	(9,254)	(8,884)
EBITDA	5,422	3,860
Amortisation of development costs	(4,271)	(3,780)
Underlying EBITDA	**1,151**	**80**
Other depreciation & amortisation	(714)	(697)
Operating Profit/(Loss)	**437**	**(617)**
Interest received	320	357
Finance costs	(37)	(124)
Profit/(Loss) before tax	**720**	**(384)**
Tax	(383)	424
Profit/(Loss) for the year	**337**	**40**

Revenue

Revenue growth returned in the year with growth of 13% on the prior year to 18.4m (FY24: £16.3m), as a result of strong demand for the newly released Paragon neo-S and increased demand across other sectors such as cloud computing and defence. Order bookings increased in both the Sync and NAA product families and across all regions in the year.

Revenue growth was most evident in the Americas region, with revenues increasing 44% year on year. Americas accounted for 40% of total revenues (FY24: 31%), ROW 42% (FY24: 48%), and North Asia 18% (FY24: 21%) in the year.

Revenue model

Calnex generates revenues through the sale of bundled hardware and software, alongside the provision of software support and extended warranty programmes.

The Group's core sales model is bundled hardware and software. Sales pricing is dependent on the product type and the complexity of the software configuration built into the product package. Calnex also sells stand-alone software upgrades under licence.

Each of Calnex's units comes with a standard warranty period including maintenance and software upgrade cover in the event of any software upgrades being released for the options purchased. Calnex also sells software support programmes which provide customers with access to future software upgrades which are not included as part of the standard warranty. The Group also offers extended warranty programmes to cover repairs falling outside of the standard warranty period.

Bundled hardware and software revenues are recognised when the product is delivered to the customer, with stand-alone software revenues recognised in line with the length of the licence period. Revenues from software support and extended warranty programmes are typically recognised on a straight-line basis over the term of the contract.

Many of the products and services developed and deployed by Calnex's customers are interlinked and need to be tested independently, such as the individual components which are then built into the equipment used in telecoms networks. Calnex's test products can be used by a combination of equipment vendors, component manufacturers and network operators, to carry out testing during a new product development cycle. Products verified utilising Calnex's test solutions can be used in the knowledge that they will deliver consistent performance.

Sources of Revenue

Revenue streams

	FY25 £000	FY24 £000
Warranty support revenue - recognised over the life of cover	3,870	3,681
Hardware and software revenue - recognised on despatch/delivery	14,516	12,593
Total revenue	**18,386**	**16,274**

In FY25, 79% (FY24:77%) of the Group's revenues were generated from the sale of bundled hardware and software products, with 21% (FY24: 23%) from software support and extended warranty programmes.

As bundled hardware and software revenues grew 15% on the prior year in line with increased demand for our products, revenues from software support and extended warranty programmes also increased 5% on prior year revenues, demonstrating the value our customers place on ensuring they can continue to receive support on our offerings.

Geographical split (revenues)

	FY25 % of revenue	FY24 % of revenue
3-year average revenues:		
Americas	35%	33%
North Asia	21%	25%
Rest of World	44%	42%

In-year revenues:		
Americas	40%	31%
North Asia	18%	21%
Rest of World	42%	48%

The Group's customers are located across the world. Our global customer base and distributor network enables the Group to spread risk across our three key regions: the Americas, North Asia and Rest of the World (ROW).

On a three-year average basis, the split of revenues across the three key regions was 44% for ROW (FY24: 42%), 35% for Americas (FY24: 33%) and 21% (FY24: 25%) for North Asia. The Americas region was the most impacted by the telecoms slow down in prior years and our FY25 focus on cloud-based infrastructure and applications and on government sector opportunities, plus the release of the Paragon neo-S, has resulted in a return to growth in that region. North Asia has been experiencing a steady decrease since FY20 reflecting the ongoing US-China geopolitical tensions, although FY25 revenues in the region remained steady compared with the prior year, despite the trading challenges.

Top 10 customer orders (3 year order average)

	FY25 **% of orders**
Top 10 customer orders	45%
Total customer orders	55%

In FY25, Calnex received orders from 275 customers, with the number of customers remaining relatively flat on the prior year (FY24: 274 customers) and the order value per customer increasing in the year.

The Group's top ten customers in FY25 accounted for 46% of total orders (FY24: 51%) and 45% of total orders on average over the last three years (FY24: 52%).

In FY25, no underlying customer accounted for more than 17 % of Calnex's total orders.

Repeat customers (3 year order average)

	FY25 **% of orders**
Repeat orders	77%
New orders	23%

The average length of customer relationship across the top ten customers in FY25 is 10 years (FY24: 11 years), demonstrating our high levels of repeat demand from our customers, whilst a number of new customers are also being added to the top ten list. In addition, the Group typically experiences a high level of repeat business from its total customer base. In FY25, using a three-year order average, 77% of orders were generated from existing customers (FY24: 76%).

Telecoms v cloud computing markets customers (3 year order average)

	FY25	**FY24**
	% of orders	
Telecoms	57%	61%
Cloud Computing Market	43%	39%

Calnex's sales have previously been predominantly derived from telecoms customers where the end-application is a telecoms (fixed and mobile) network. More recently, Calnex has seen an increase in customers from the cloud computing markets which include hyperscale/data centre providers, defence and enterprise customers. FY25 saw the proportion of total orders from cloud computing customers increase from 39% in FY24 to 43% in FY25. Equipment vendors who initially developed product for use in telecom applications are now selling the same products into other data network applications where the same technology is implemented, and these new applications are becoming the primary market opportunity for our customer's products, which is contributing to the increase in the proportion of Calnex's business attributed to the cloud computing market.

Gross Profit

Gross profit grew by 16% to £13.8m (FY24: £11.9m) driven by the growth in revenue and a 2 percentage point improvement in gross margin. Gross margin, which is calculated after discounts to channel partners are applied, improved to 75% from 73% in the prior year. Gross margin is net of commissions payable to our channel partners and can fluctuate by 1-2% through the year depending on the mix and timing of the hardware and software bundles shipped.

Underlying EBITDA

Underlying EBITDA, which includes R&D amortisation, increased to £1.2m in the year (FY24: £0.1m) as a result of the improvement in revenue volumes and gross margin.

Administrative expenses (excluding depreciation & amortisation) were £9.2m in FY25 (FY24: £8.9m). Excluding non-capitalised and impaired R&D costs, administrative costs were in line with the prior year, including inflationary cost increases, as a result of tight cost management across all categories including headcount, recruitment, legal and professional and travel costs. The share-based payments charge also reduced by £0.3m on prior year levels as a result of a release and forfeiture of options in the year.

In line with the prior year, no performance bonuses or profit share was accrued at the end of the current year due to Group FY25 budgeted profit targets not being achieved.

Amortisation of R&D costs increased by £0.5m to £4.3m (FY24: £3.8m) due to increased R&D investment in the current and previous years to support the product roadmap. R&D spend is capitalised and amortised to the P&L over five years.

Underlying EBITDA margin was 6% in FY25 (FY24: nil%), with positive operational gearing aiding the drop through of higher revenue volumes, improved gross margin and the relatively fixed cost base.

Profit before tax

The Group returned to profitability, generating a profit before tax of £0.7m in the year (FY24: loss of £0.4m) with the improvement in profitability attributable to growth in revenue performance and tight cost control management. Profit before tax margin was 4% in the year (FY24: loss of 2%).

Tax

The tax charge in the year was £0.4m (FY24: credit of £0.4m), representing an effective tax rate of 53% (FY24: 111% credit), principally driven by one off prior year adjustments. The normalised run rate range for the business' effective tax rate going forward will be closer to the applicable tax rate, which is currently 25%.

The difference between the applicable rate of tax of 25% and the effective rate in FY25 is largely due to the following:

- Adjustments in respect of prior periods (increasing the effective rate by 12%);
- Overseas tax (increasing the effective rate by 11%)
- Timing differences not recognised in the computation (increasing the effective rate by 9%)
- Other differences, such as disallowable expenses and deferred tax charged to equity (decreasing the effective rate by 4%).

The new merged R&D expenditure credit (RDEC) scheme combines the previous RDEC and the SME R&D tax reliefs into a single scheme for accounting periods beginning on or after 1 April 2024. The merged scheme provides a 20% expenditure credit on qualifying expenditure, which is allocated to 'other income' in the profit and loss account and is taxable. The 86% rate on qualifying expenditure under the previous SME scheme is no longer available. In FY25, the RDEC earned within other income was £0.7m (FY24: £0.5m RDEC in other income, £0.5m SME credit within the tax credit).

Earnings per share

Basic earnings per share was 0.38 pence in the year (FY24: 0.05 pence) and diluted earnings per share was 0.36 pence (FY24: 0.04 pence), with the increases in both metrics reflecting the improved profitability in the year.

Cashflows

Closing cash at 31 March 2024 was £10.9m (31 March 2024: £11.9m). The Group experienced an outflow of total cash and fixed term deposits of £1.0m in the year (FY24: £5.7m) with the overall improved trading performance being offset slightly by timing of trade receivables receipts at the end of the year.

Net cash from operating activities was £4.6m (FY24: net cash absorbed by operations of £0.7m) reflecting the increased trading levels in the year and lower working capital movements compared to the prior year.

Working capital in the year increased by £1.8m (FY24: £3.7m increase) driven predominantly by increases in trade receivables in the period as a result of the increased trading in Q4 and the timing of shipments towards the year end.

Cash used in investing activities is principally cash spent on R&D activities, which is capitalised and amortised over five years. Investment in R&D in the year was £4.9m (FY23: £5.6m). This reduction in spend was mainly as a result of lower equipment purchases in the year as the majority of the equipment spend for the Paragon neo-S, the 800 Gb/s project was made in FY24.

There is currently no debt on the balance sheet, leading to no borrowings related cashflows in the current or prior periods. Closing cash at 31 March 2025 was £10.9m (31 March 2024: £11.9m). The closing cash balance at the end of April 2025 was £12.7m after a significant number of trade receivables were collected post year end.

Dividend
The directors are proposing a final dividend with respect to the financial year ended 31 March 2025 of 0.62p per share. The final dividend will be proposed for approval at the Annual General Meeting in August 2025 and, if approved, will be paid on 29 August 2025 to all shareholders on the register as at close of business on 25 July 2025, the record date. The ex-dividend date will be 24 July 2025.

Ashleigh Greenan
Chief Financial Officer
19 May 2025

Consolidated Statement of Comprehensive Income

	Note	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Revenue	**4,5**	18,386	16,274
Cost of sales		(4,623)	(4,327)
Gross profit		13,763	11,947
Other income	**6**	913	797

Administrative expenses		(14,239)	(13,361)
Operating profit/(loss)	7	437	(617)
Interest received		320	357
Finance costs	10	(37)	(124)
Profit/(loss) before taxation		720	(384)
Taxation	11	(383)	424
Profit and total comprehensive income for the year		337	40
Basic earnings per share	28	0.38	0.05
Diluted earnings per share	28	0.36	0.04

Consolidated and Company Statement of Financial Position

		Group		*Company*	
		31 March 2025	**31 March 2024**	**31 March 2025**	**31 March 2024**
		£'000	**£'000**	**£'000**	**£'000**
Non-current assets	**Note**				
Intangible assets	12	12,255	12,110	11,750	11,337
Goodwill	13	2,000	2,000	-	-
Plant and equipment	14	187	341	187	341
Right-of-use assets	19	1,115	287	1,115	287
Deferred tax asset	20	299	1,246	299	1,246
		15,856	15,984	13,351	13,211
Current assets					
Inventories	15	5,358	5,373	5,358	5,373
Trade and other receivables	16	5,669	3,340	5,843	3,570
Corporation tax receivable		684	435	713	435
Cash and cash equivalents	17	10.912	11,868	10,757	11,683
		22,623	21,016	22,671	21,061
Total assets		38,479	37,000	36,022	34,272
Current liabilities					
Trade and other payables	18	5,467	4,845	5,438	4,804
Lease liabilities	19	289	220	289	220
		5,756	5,065	5,727	5,024
Non-current liabilities					
Trade and other payables	18	1,411	1,510	1,411	1,510
Lease liabilities	19	928	195	928	195
Deferred tax liabilities	20	2,940	2,877	2,814	2,683
Provisions	21	-	15	-	15
		5,279	4,597	5,153	4,403
Total liabilities		11,035	9,662	10,880	9,427
Net assets		27,444	27,338	25,142	24,845
Equity					
Share capital	27	110	109	110	109
Share premium		7,671	7,511	7,671	7,511
Share option reserve	25	1,764	1,414	1,764	1,414
Retained earnings		17,899	18,304	15,597	15,811
Total equity		27,444	27,338	25,142	24,845

The profit for the financial year of the parent company is £527,721 (2024: £75,267). As provided for by section 408 of the Companies Act 2006, no income statement is presented in respect of the parent company.

The accounts were approved by the Board of Directors and authorised for issue on 19 May 2025. The accounts are signed on their behalf by:

…………………………………………………………..

Ashleigh Greenan

Director

Consolidated Statement of Changes in Equity

	Share capital £'000	Share premium £'000	Share option reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 31 March 2023	**109**	**7,495**	**873**	**18,883**	**27,360**
Transactions with owner in their capacity as owners					
Share options exercised	0	16	(195)	195	16
Share options	-	-	736	-	736
Dividends paid	-	-	-	(814)	(814)
Total transactions with owner in their capacity as owners	0	16	541	(619)	(62)
Total comprehensive income for the year	-	-	-	40	40
Balance at 31 March 2024	**109**	**7,511**	**1,414**	**18,304**	**27,338**
Transactions with owner in their capacity as owners					
Share options exercised	1	160	(72)	72	161
Share options	-	-	422	-	422
Dividends paid	-	-	-	(814)	(814)
Total transactions with owner in their capacity as owners	1	160	350	(742)	(231)
Total comprehensive income for the year	-	-	-	337	337
Balance at 31 March 2025	**110**	**7,671**	**1,764**	**17,899**	**27,444**

Company Statement of Changes in Equity

	Share capital £'000	Share premium £'000	Share option reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 31 March 2023	**109**	**7,495**	**873**	**16,355**	**24,832**
Transactions with owner in their capacity as owners					
Share options exercised	0	16	(195)	195	16
Share options	-	-	736	-	736
Dividends paid	-	-	-	(814)	(814)
Total transactions with owner in their capacity as owners	0	16	541	(619)	(62)
Total comprehensive income for the year	-	-	-	75	75
Balance at 31 March 2024	**109**	**7,511**	**1,414**	**15,811**	**24,845**
Transactions with owner in their capacity as owners					
Share options exercised	1	160	(72)	72	161
Share options	-	-	422	-	422
Dividends paid	-	-	-	(814)	(814)
Total transactions with owner in their capacity as owners	1	160	350	(742)	(231)

Total comprehensive income for the year	-	-	-	528	528
Balance at 31 March 2025	**110**	**7,671**	**1,764**	**15,597**	**25,142**

Consolidated and Company Cash Flow Statement

		Group		Company	
		31 March 2025	31 March 2024	31 March 2025	31 March 2024
		£'000	£'000	£'000	£'000
Cashflows from operating activities					
(Loss)/profit before tax from continuing operations		720	(384)	868	(403)
Adjusted for:					
Finance costs	10	37	124	37	124
Interest received		(320)	(357)	(320)	(357)
Government grant income	6	(200)	(218)	(200)	(218)
R&D tax credit income	6	(713)	(579)	(713)	(579)
Gain on disposal of fixed asset		-	(4)	-	(4)
Share-based payment transactions	24	432	746	432	746
Depreciation	14	182	424	182	177
Amortisation	12,19	4,803	4,053	4,535	4,032
Impairment of intangibles	12	167	-	167	-
Movement in inventories	15	(405)	(2,820)	(405)	(2,820)
Movement in obsolescence provision	15	421	195	421	195
Movement in trade and other receivables	16	(2,334)	(211)	(2,272)	(14)
Movement in trade and other payables	18	738	(903)	748	(737)
Cash generated from operations		3,528	66	3,480	141
Movement in provisions	21	(15)	-	(15)	-
Corporation & foreign tax payments		635	(850)	713	(713)
R&D tax credit refunds received		435	-	435	-
Net cash from (absorbed by) operating activities		**4,583**	**(784)**	**4,613**	**(572)**
Investing activities					
Purchase of intangible assets	12	(4,864)	(5,598)	(4,864)	(5,598)
Purchase of property and equipment	14	(28)	(111)	(28)	(111)
Short term investment: fixed term deposit		-	1,515	-	1,515
Interest received		320	357	320	357
Net cash used in investing activities		**(4,572)**	**(3,837)**	**(4,572)**	**(3,837)**
Financing activities					
Payment of lease obligations	19	(314)	(296)	(314)	(296)
Dividends paid	31	(814)	(814)	(814)	(814)
Share options proceeds	27	161	16	161	16
Net cash used in financing activities		**(967)**	**(1,094)**	**(967)**	**(1,094)**
Net increase (decrease) in cash and cash equivalents		**(956)**	**(5,715)**	**(926)**	**(5,503)**
Cash and cash equivalents at beginning of the year		11,868	17,583	11,683	17,186
Cash and cash equivalents at end of the year		**10,912**	**11,868**	**10,757**	**11,683**

Notes to the Financial Statements

1 **General information**
Calnex Solutions plc ("the Company") is a public limited company, limited by shares, domiciled and incorporated in Scotland. The registered office is Oracle Campus, Linlithgow, West Lothian, EH49 7LR.

office is Oracle Campus, Linlithgow, West Lothian, EH49 7LR.

The Company (together with its subsidiary, the "Group") was under the control of the directors throughout the period covered in the financial statements. The list of the subsidiaries consolidated in the financial statements is shown in Note 26.

The principal activity of the Group is the design, production and marketing of test instrumentation and solutions for network synchronisation and network emulation, enabling its customers to validate the performance of critical infrastructure associated with telecoms networks, enterprise networks and data centres.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 20 May 2025. The directors have the power to amend and reissue the financial statements.

2 Basis of preparation

(a) Statement of compliance

The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted International Accounting Standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

The financial information does not include all information required for full annual financial statements and therefore does not constitute statutory accounts within the meaning of section 435(1) and (2) of the Companies Act 2006 or contain sufficient information to comply with the disclosure requirements of UK-adopted International Accounting Standards. These should be read in conjunction with the Financial Statements of the Company for the year ended 31 March 2025 which were approved by the Board of Directors on 19 May 2025. The report of the auditors for the year ended 31 March 2025 was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

(b) Basis of accounting

The financial statements have been prepared under the historical cost convention, except for certain financial assets and liabilities including financial instruments, which are stated at their fair values.

The preparation of the financial statements in conformity with UK-adopted IAS requires the directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expense. The estimates and judgements are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented.

(c) Functional and presentation currency

The financial statements are presented in pounds Sterling, which is the functional and presentation currency of the Group. Results in these financial statements have been prepared to the nearest thousand.

(d) Basis of consolidation

The consolidated financial statements incorporate those of Calnex Solutions plc, and all its subsidiaries. A subsidiary is an entity controlled by the Group, i.e. the Group is exposed to, or has the rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its current ability to direct the entity's relevant activities (power over the investee). All intra-Group transactions, balances, and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The total comprehensive income, assets and liabilities of the entities are amended, where necessary, to align the accounting policies.

The Group applies the acquisition method to account for all acquired businesses, whereby the identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values (with a few exceptions as required by IFRS 3 Business Combinations).

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill.

The acquisition of assets that falls outside the scope of IFRS 3 are accounted for by bringing the assets and liabilities of the acquired entity into the financial statements at their nominal value from the date of acquisition. Comparative information is not restated.

(e) Going Concern

The financial information for the year to 31 March 2025 has been prepared on the basis that the Group and the Company will continue as a going concern.

The Board has approved financial forecasts for the current and succeeding financial years to 31 March 2027. Based on this review, along with regular oversight of the Company's risk management framework the Board has concluded that given the Company's cash reserves available of £10.9m, the Company will continue to trade as a going concern.

3 Significant accounting policies

(a) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of sales related taxes and discounts and is recognised at the point in time when the relevant performance obligation is satisfied.

Where revenue contracts have multiple elements, all aspects of the transaction are considered to determine whether these elements can be separately identified. Where transaction elements can be separately identified and revenue can be allocated between them on a fair and reliable basis, revenue for each element is accounted for according to the relevant policy below. Where transaction elements cannot be separately identified, revenue is recognised over the contract period.

The Group recognises revenue from the following major sources:

Hardware & software revenue

Revenue from the sale of bundled hardware and software, is recognised when the Group transfers the risk and rewards to the customer, and the bundled product is delivered to the customer. Each unit sale comes with a standard warranty period during which the Group agrees to provide warranty cover, maintenance cover and software upgrade cover in the event of any software upgrades being released. This is recognised as a separately identifiable obligation from the provision of the hardware and is recognised over the life of the cover provided, being a year.

For the sale of stand-alone software, the licence period and therefore the revenue recognition, commences upon delivery.

Extended warranty programme

The Group enters into agreements with purchasers of its equipment to perform necessary repairs falling outside the Group's standard warranty period. As this service involves an indeterminate number of acts, the Group is required to 'stand ready' to perform whenever a request falling within the scope of the program is made by a customer. Revenue is recognised on a straight-line basis over the term of the contract.

This method best depicts the transfer of services to the customer as:

i) The Group's historical experience demonstrates no statistically significant variation in the quantum of services provided in each year of a multi-year contract; and

ii) no reliable prediction can be made as to if and when any individual customer will require service.

Software support programme

The Group enters into agreements with purchasers of its equipment to provide software support and access to future software updates. Revenue is recognised on a straight-line basis over the term of the contract.

Grant income

The Group has obtained grant funding from the Scottish Government in prior years in the form of reimbursement for research and development costs eligible for reclaim under the grant agreement. Costs were incurred before they were reclaimed under the grant agreement and revenue only recognised after receipt of the funds from the government. Grant funds received are recognised over five years, in line with the amortisation policy on capitalised research and development costs.

(b) Retirement benefit costs

Payments to defined contribution schemes are charged to the Statement of Comprehensive Income as an expense as they fall due.

(c) Share-based payments

Equity-settled and cash settled share-based compensation benefits are provided to some employees. Equity-settled transactions are awards of shares, or options over shares that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using the Black-

Scholes option pricing model, or a Monte-Carlo analysis that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. There are no other vesting conditions.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying the Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when the relevant requirements of IAS 12 are satisfied.

(d) Taxation

The tax expense represents the sum of the current tax and deferred tax charge for the year. The tax currently payable is based on taxable profit for the year. The Group's liability for current tax is calculated using the tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is measured on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases, as used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of financial assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

(e) Business Combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the Group to former owners of the acquirer. All acquisition costs are expensed as incurred to profit or loss. On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss.

The difference between the acquisition-date fair value of assets acquired and liabilities assumed and the fair value of the consideration transferred is recognised as goodwill. If the consideration transferred is less than the fair value of the identifiable net assets acquired, a bargain purchase is recognised as a gain directly in profit or loss by the Group on the acquisition-date.

Business combinations are initially accounted for on a provisional basis. The Group retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

(f) Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the Group is able to use or sell the asset; the Group has sufficient resources and intent to complete the development; and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

Significant costs associated with patents and trademarks are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years. Amortisation is charged to administrative expenses in the Statement of Comprehensive Income.

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

(g) Financial assets

Where there is no publicly quoted market value, other investments, including subsidiaries, are shown at cost less provisions for impairment.

(h) Plant and equipment

Plant and equipment are shown at cost, net of depreciation and any provision for impairment. Depreciation is provided on all property, plant and equipment at varying rates calculated to write off cost less residual value over the useful lives. Depreciation is charged to administrative expenses in the Statement of Comprehensive Income. The principal rates employed are:

Plant and machinery	25-33% straight line

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate these values may not be recoverable. If there is an indication that impairment does exist, the carrying values are compared to the estimated recoverable amounts of the assets concerned.

The recoverable amount is the greater of an asset's value in use and its fair value less the cost of selling it. Value in use is calculated by discounting the future cash flows expected to be derived from the asset. Where the carrying value of an asset exceeds its recoverable amount, the asset is considered impaired and is written down through the income statement to its recoverable amount.

An item of property, plant and equipment is written off either on disposal or when there is no expected future economic benefit from its continued use. Any gain or loss (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in the income statement in the year.

(i) Right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

(j) Inventories
Inventories are valued at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods for resale, the average purchase price is used. For work in progress and finished goods, cost is taken as production cost which includes an appropriate proportion of overheads.

Inventories are assessed for indicators of impairment at each year end and where a provision is required the income statement is charged directly.

(k) Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses.

The simplified approach to measuring expected credit losses has been applied, this uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

(l) Cash and cash equivalents
Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of 95 days or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

(m) Short term investments
Cash at bank on fixed term deposit, and other liquid investments with maturities of greater than 95 days, but less than 12 months at the reporting date.

(n) Borrowings
Interest-bearing loans and bank overdrafts are initially recorded at the fair value of proceeds received and are subsequently stated at amortised cost. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the income statement using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

(o) Trade and other payables
Trade payables are non-interest-bearing and are measured at amortised cost.

(p) Provisions
Provisions are recognised when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

(q) Financial liabilities

Financial liabilities are recognised on the Group's Statement of financial position when the Group becomes a party to the contractual provisions of that instrument.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date. The changes in fair value are recorded in the statement of comprehensive income.

(r) Lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The lease term is the non-cancellable period of the lease plus extension periods that the group is reasonably certain to exercise and termination periods that the group is reasonably certain not to exercise. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are re-measured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is re-measured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

(s) Foreign currency
In preparing the financial statements, transactions in currencies other than pounds sterling are recorded at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to sterling at the foreign exchange rate ruling at that date. Exchange differences arising on translation are recognised in the consolidated Statement of comprehensive income for the period.

Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at the rates prevailing at the dates when the fair value was determined. Non-monetary assets and liabilities that are measured at historical cost in a foreign currency (e.g. property, plant and equipment purchased in a foreign currency) are translated using the exchange rate prevailing at the date of the transaction. Exchange differences arising on the translation of net assets are affected through the Statement of Comprehensive Income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period and recognised in the Statement of Comprehensive Income.

(t) Dividends
Dividends are recognised when declared during the financial year. The declaration of dividends is at the discretion of the directors.

(u) Value Added Tax
Revenues, expenses and assets are recognised net of the amount of associated VAT, unless the VAT incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of VAT receivable or payable. The net amount of VAT recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Commitments and contingencies are disclosed net of the amount of VAT recoverable from, or payable to, the tax authority.

(v) Earnings per share
Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the shareholders, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive

ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(w) Critical judgements in applying the Groups accounting estimates

In the process of applying the Group's accounting policies, the directors have made the following estimates that have the most significant effect on the amounts recognised in the financial statements.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes model or a Monte-Carlo analysis taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Useful lives

The Group uses forecast cash flow information and estimates of future growth to assess whether goodwill and other intangible fixed assets are impaired, and to determine the useful economic lives of its intangible assets. If the results of operations in a future period are adverse to the estimates used a reduction in useful economic life may be required.

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the Group is able to use or sell the asset; the Group has sufficient resources and intent to complete the development; and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

Significant costs associated with patents and trademarks are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years. Amortisation is charged to administrative expenses in the Statement of Comprehensive Income.

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

(x) New accounting standards

There have been no applicable new standards, amendments to standards and interpretations effective from 1 April 2023 that have been applied by the Group which have or are expected to result in a significant impact on its consolidated results or financial position.

4 Operating Segments

Operating segments are based on the internal reports that are reviewed and used by the Board (who are identified as the Chief Operating Decision Makers) in assessing performance and determining the allocation of resources. As the Group has a central cost structure and a central pool of assets and liabilities, the Board does not consider segmentation in their review of costs or the statement of financial position. The only operating segment information reviewed, and therefore disclosed, are the revenues derived from different geographies.

	Year ended 31 March 2025 £'000	**Year ended 31 March 2024 £'000**
Americas	7,258	5,042
North Asia	3,333	3,396
Rest of World	7,795	7,836
Total revenue	18,386	16,274

5 Revenue

	Year ended 31 March 2025 £'000	**Year ended 31 March 2024 £'000**
Sale of goods	14,516	12,593
Rendering of services	3,870	3,681
Total revenue	18,386	16,274

43% (2024: 67%) of the Group revenue has been generated through the network of the Group's ex-principal distribution partner. In the current year, one customer accounted for 17% of the Group's revenue (2024: 15%)

6 Other income

	Year ended 31 March 2025 £'000	**Year ended 31 March 2024 £'000**
Government grant income	200	218
R&D tax credit	713	579
	913	797

7 Material operating profit items

	Year ended 31 March 2025 £'000	**Year ended 31 March 2024 £'000**
Operating profit for the year is stated after charging/(crediting):		
Equity settled share-based payments	445	756
Cash settled share based payments	(13)	(10)
Reversal of non-employee vendor contingent consideration	-	(334)
Unwinding of discount on contingent consideration for non employee vendors	-	104

Inventory recognised as an expense	3,186	3,111
Non R&D depreciation and amortisation	714	423
Amortisation of R&D asset	4,271	4,053

Auditor's remuneration

Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	53	47
Total fees payable for audit services	53	47

No fees were payable to the Group's auditor and its associates for other services.

8 Employee benefits costs

Average monthly number of employees

	Year ended 31 March 2025 £'000	**Year ended 31 March 2024 £'000**
Development staff	78	79
Administrative staff	73	76
Management staff	11	11
	162	166

Employee costs during the year (including directors remuneration) amounted to:	**Year ended 31 March 2025 £'000**	**Year ended 31 March 2024 £'000**
Wages and salaries	9,269	8,846
Social security costs	833	889
Defined contribution pension	351	423
Share incentive scheme	142	226
Equity-settled share-based payment	445	756
Cash-settled share-based payment	(13)	(10)
	11,027	11,130
Total gross wages and salaries capitalised in the year, included in the analysis above	4,677	4,451

9 Key management personnel emoluments

	Year ended 31 March 2025 £'000	**Year ended 31 March 2024 £'000**
Wages and salaries	535	575
Social security costs	61	77
Defined contribution pension	8	7
Equity-settled share-based payment	61	77
	665	736
The number of directors who accrued benefits under the company pension plans:		
Defined contribution plans	1	1
Remuneration of the highest paid director in respect of qualifying services:		
Aggregate remuneration	171	211

Key management refers to the directors of the Group.

10 Finance costs

	Year ended 31 March 2025 £'000	**Year ended 31 March 2024 £'000**
Interest expense on lease liabilities	37	20
Unwinding of discount on contingent consideration	-	104
	37	124

11 Taxation

	Year ended 31 March 2025 £'000	**Year ended 31 March 2024 £'000**
Current taxation		
UK corporation tax on profits for the year	160	-
Foreign current tax expense	30	192
Adjustments relating to prior years	(794)	(42)

	(604)	150
Deferred taxation		
Origination and reversal of temporary differences	27	(580)
Adjustments relating to prior periods	960	6
	987	(574)
Total taxation charge/(credit)	383	(424)

	Year ended 31 March 2025 £'000	**Year ended 31 March 2024 £'000**
Profit/(loss) before tax for the year	720	(384)
Tax thereon at 25% (2024: 25%)	180	(96)
Effects of:		
Expenses disallowable for tax purposes	(63)	(321)
Adjustments in respect of prior periods - current tax	(872)	(42)
Adjustments in respect of prior periods - deferred tax	960	6
R&D credit	59	(530)
Timing differences not recognised in the computation	64	460
Deferred tax (charged)/credited directly to equity	(23)	(20)
Overseas tax	78	119
Taxation charge / (credit)	383	(424)

12 Intangible assets

Included within intangible assets are the following significant items:

- Acquired intellectual property from business combinations, cost of patent applications and on-going patent maintenance fees.
- Capitalised development costs representing expenditure relating to technological advancements on the core product base of the Group. These costs meet the requirement of IAS 38 (Intangible Assets) and will be amortised over the future commercial life of the related product. Amortisation is charged to administrative expenses.

	Intellectual property £'000	**Development Costs £'000**	***Group* Total £'000**
Cost			
At 1 April 2024	3,545	34,260	37,805
Additions	28	4,836	4,864
Disposals	(14)	(2,343)	(2,357)
Impairments	-	(229)	(229)
At 31 March 2025	3,559	36,524	40,083
Amortisation			
At 1 April 2024	2,756	22,939	25,695
Charge for the year	281	4,271	4,552
Eliminated on disposal	(14)	(2,343)	(2,357)
Impairments	-	(62)	(62)
At 31 March 2025	3,023	24,805	27,828
Net book value			
31 March 2024	789	11,321	12,110
31 March 2025	536	11,719	12,255

	Intellectual property £'000	**Development Costs £'000**	***Company* Total £'000**
Cost			
At 1 April 2024	2,237	34,260	36,497
Additions	28	4,836	4,864
Disposals	(14)	(2,343)	(2,357)
Impairments	-	(229)	(229)
At 31 March 2025	2,251	36,524	38,775
Amortisation			
At 1 April 2024	2,221	22,939	25,160
Charge for the year	13	4,271	4,284
Eliminated on disposal	(14)	(2,343)	(2,357)
Impairments	-	(62)	(62)
At 31 March 2025	2,220	24,805	27,025
Net book value			
31 March 2024	16	11,321	11,337
31 March 2025	31	11,719	11,750

During the year, a review of the carried development costs brought forward has resulted in a disposal of £2,342,833 (2024: £1,714,991), and elimination of amortisation of £2,342,833 (2024: £1,714,991) resulting in a net book value impact of £nil (2024: £nil). This reflects removal of aged spend on product features that are now considered to be superseded by current product developments.

Following the impairment review of the R&D asset, capitalised R&D of £229,321 with accompanying amortisation of £61,917, NBV £167,404 was fully impaired, and removed from the intangible asset base.

13 Goodwill

The goodwill arising in a business combination is allocated, at acquisition, to the cash generating units that are expected to benefit from the business combination. The Board consider the Group to consist of a single cash generating unit, reflective of not only the manner in which the Board (who operate as the Chief Operating Decision Makers) assess and review performance and resource allocation of the group, but also the centralised cost structure and pooled assets and liabilities which are critical to revenue generation across all platforms. The determination of a single cash generating unit within the group therefore reflects accurately the way the Group manages its operations and with which goodwill would naturally be associated.

	Group 31 March 2025 £'000
Cost	
As at 31 March 2024	2,000
As at 31 March 2025	2,000

The Group test goodwill for impairment annually, or more frequently if there are indications that the goodwill has been impaired. Goodwill is tested for impairment by comparing the carrying amount of the cash generating unit, including goodwill, with the recoverable amount. The recoverable amounts are determined based on value-in-use calculations which require assumptions. The calculations use cashflow projections based on financial budgets approved by the Board covering a two year period, together with management forecasts for a further three year period. These budgets and forecasts have regard to historical financial performance and knowledge of the current market, together with the Group's views on the future achievable growth and the impact of committed cashflows. Cashflows beyond this are extrapolated using estimated growth rates.

Key assumptions used in the value in use calculation:

- The terminal cash flows are extrapolated in perpetuity using a growth rate of 2%, (2024: 2%) which has been based on management judgement reflecting sector and industry experience. This is not considered to be higher than the average long-term industry growth rate.
- The discount rate is based on the weighted average cost of capital (WACC) of 12.7% (2024: 8.2%), which would be anticipated for a market participant investing in the Group. WACC was tested for materiality based on movement of up to 1.1% before there was elimination of headroom indicating impairment.

Management has performed sensitivity analysis on the key assumptions both with other variables held constant and with the other variables simultaneously changed. Management has concluded that there are no reasonable changes in the key assumptions that would cause the carrying amount of goodwill to exceed the value in use for the cash generating unit.

No evidence of impairment was found at the balance sheet date.

14 Plant and equipment

The Group annually reviews the carrying value of tangible fixed assets taking recognition of the expected working lives of the plant and equipment available to the Group and known requirements. Depreciation is charged to administrative expenses.

	Group Plant and equipment Total £'000	*Company* Plant and equipment Total £'000
Cost		
At 1 April 2024	676	676
Additions	28	28
Disposals	(4)	(4)
At 31 March 2025	700	700
Depreciation		
At 1 April 2024	335	335
Charge for the year	182	182
Eliminated on disposal	(4)	(4)
At 31 March 2025	513	513
Net book value		
31 March 2024	341	341
31 March 2025	187	187

15 Inventories

	Group		*Company*	
	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Finished goods	6,281	5,875	6,281	5,875
Provision for obsolescence	(923)	(502)	(923)	(502)
	5,358	5,373	5,358	5,373
Cost of inventories recognised as an expense	3,186	3,111	3,186	3,111

Group inventories reflect the following movement in provision for obsolescence:

At start of the financial year	502	307	502	307
Utilised	-	-	-	-
Provided	421	195	421	195
At end of the financial year	923	502	923	502

16 Trade and other receivables

	Group		*Company*	
	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Amounts due within one year				
Trade receivables	5,313	2922	5,314	2,922
Other receivables	-	61	-	61
Amounts owed by group companies	-	-	173	230
Prepayments and accrued income	356	357	356	357
	5,669	3,340	5,843	3,570

Trade receivables are consistent with trading levels across the Group and are also affected by exchange rate fluctuations.

No interest is charged on the trade receivables. The Group has reviewed for estimated irrecoverable amounts in accordance with its accounting policy.

The Group's credit risk is primarily attributable to its trade and other receivables. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on customers as appropriate to the level of credit extended. In addition, credit insurance would be sought for major areas of exposure, although this has not been required in the year under review.

The Group reviews trade receivables past due but not impaired on a regular basis and considers, based on experience, that the credit quality of these amounts at the balance sheet date has not deteriorated since the date of the transaction.

Included in the Group's trade receivables balance are debtors with a carrying amount of £1,383,956 (2024: £143,109), which are past due at the reporting date but for which the Group has not provided against. As there has not been a significant change in credit quality, the Group believes that all amounts remain recoverable.

Ageing of past due but not impaired trade receivables

	Group		*Company*	
	Year ended 31 March 2025 £'000	**Year ended 31 March 2024 £'000**	**Year ended 31 March 2025 £'000**	**Year ended 31 March 2024 £'000**
Overdue by				
0-30 days	1,181	56	1,181	56
30-60 days	191	13	191	13
60+ days	12	74	12	74
	1,384	143	1,384	143

The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

Note 22 includes disclosures relating to the credit risk exposures and analysis relating to the allowance for expected credit losses. The calculated credit risk is £24,739 (2024: £9,183). Due to the immaterial nature of the balance, no provision has been recognised.

17 Cash and cash equivalents

Cash and cash equivalent amounts included in the Consolidated Statement of Cashflows comprise the following:

	Group		*Company*	
	Year ended 31 March 2025 £'000	**Year ended 31 March 2024 £'000**	**Year ended ended 31 March 2025 £'000**	**Year ended 31 March 2024 £'000**
Cash at bank	10,786	11,748	10,631	11,563
Cash on short term deposit	126	120	126	120
Total cash and cash equivalents	10,912	11,868	10,757	11,683

Short term cash deposits of £126,034 (2024: £120,084) are callable on a notice of 95 days.

The directors consider that the carrying value of cash and cash equivalents and short-term investments approximates their fair value. Details of the Group's credit risk management are included in note 22.

18 Trade and other payables

	Group		*Company*	
	Year ended 31 March 2025 £'000	**Year ended 31 March 2024 £'000**	**Year ended 31 March 2025 £'000**	**Year ended 31 March 2024 £'000**
Amounts due within one year				
Trade payables	987	913	969	897
Other taxes and social security	226	211	226	211
Other payables	88	95	88	95
Accruals	739	663	731	656
Deferred income	3,427	2,963	3,424	2,945
	5,467	4,845	5,438	4,804
Amounts due after one year				
Deferred income	1,411	1,510	1,411	1,510
	1,411	1,510	1,411	1,510
Total amounts due	6,878	6,355	6,849	6,314

Trade and other payables are consistent with trading levels across the Group but are also affected by exchange rate fluctuations.

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The Group has financial risk management policies in place to ensure all payables are paid within the agreed credit terms.

The directors consider that the carrying amount of trade and other payables approximates their fair value.

19 Leases

Right of use assets

The Group leases land and buildings for its head office in Linlithgow, Scotland. The current lease was agreed on 1 December 2024 and will run for the 5 year period to 30 November 2029. On 4 March 2022 the Group agreed an additional premises lease for office space in Belfast. This lease has an initial 5 year term and will run until 4 March 2027.

The Group leases IT equipment with contract terms ranging between 1 to 2 years. The Group has recognised right-of use assets and lease liabilities for these leases.

The carrying value of right of use assets, and lease obligations recognised with respect to these leases are shown below:

	Building Lease £'000	IT equipment £'000	*Group* Total £'000	*Company* Total £'000
Cost				
At 1 April 2024	1,044	170	1,214	1,214
Additions	1,079	-	1,079	1,079
Disposals	(761)	(91)	(852)	(852)
At 31 March 2025	1,362	79	1,441	1,441
Amortisation				
At 1 April 2024	772	155	927	927
Charge for the year	236	15	251	251
Eliminated on disposal	(761)	(91)	(852)	(852)
At 31 March 2025	247	79	326	326
Net book value				
31 March 2024	272	15	287	287
31 March 2025	1,115	-	1,115	1,115

Right-of-use assets	*Group* Year ended 31 March 2025 £'000	*Group* Year ended 31 March 2024 £'000	*Company* Year ended ended 31 March 2025 £'000	*Company* Year ended 31 March 2024 £'000
Balance at 1 April	287	533	287	533
Additions to right of use assets	1,079	-	1,079	-
Disposals of right of use assets	(852)	-	(852)	-
Amortisation charge for the year	(251)	(246)	(251)	(246)
Amortisation eliminated on disposal	852	-	852	-
Balance at 31 March	1,115	287	1,115	287

Lease liabilities

	Group Year ended 31 March 2025 £'000	*Group* Year ended 31 March 2024 £'000	*Company* Year ended 31 March 2025 £'000	*Company* Year ended 31 March 2024 £'000
Balance at 1 April	415	691	415	691
Acquisition of new leases	1,079	-	1,079	-
Payment of lease liabilities	(314)	(296)	(314)	(296)
Interest expense on lease liabilities	37	20	37	20
Balance at 31 March	1,217	415	1,217	415
Disclosed as				
Current	289	220	289	220
Non-current	928	195	928	195
	1,217	415	1,217	415

During the year, the Group also leased additional land and buildings in Stevenage and four motor vehicles. These leases were low-value, so have been expensed as incurred. The Group has elected not to recognise right of use assets and lease liabilities for these leases.

Lease commitments for short-term and low value leases

	Group Year ended 31 March 2025 £'000	*Group* Year ended 31 March 2024 £'000	*Company* Year ended ended 31 March 2025 £'000	*Company* Year ended 31 March 2024 £'000
Motor vehicles	108	49	108	49
Land and buildings	72	72	72	72
	180	121	180	121

Amounts recognised in the income statement

	Group Year ended 31 March 2025 £'000	*Group* Year ended 31 March 2024 £'000	*Company* Year ended ended 31 March 2025 £'000	*Company* Year ended 31 March 2024 £'000
Depreciation charge - building lease	236	218	236	218
Depreciation charge - IT equipment	15	28	15	28
Interest on lease liabilities	37	20	37	20
Low value lease rental	180	121	180	121

Amounts recognised in statement of cashflows

	Group Year ended 31 March 2025 £'000	*Group* Year ended 31 March 2024 £'000	*Company* Year ended ended 31 March 2025 £'000	*Company* Year ended 31 March 2024 £'000
Total cash outflow for leases	(314)	(296)	(314)	(296)

A maturity analysis of contractual cashflows relating to lease liabilities is included in note 22 (d).

20 Deferred tax

Deferred tax asset

	Group		Company	
	Year ended	Year ended	Year ended ended	Year ended
	31 March	31 March	31 March	31 March
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Opening balance	1,246	272	1,246	272
Recognised in statement of comprehensive income	(947)	974	(947)	974
Closing balance	299	1,246	299	1,246
Deferred tax assets arise as follows:				
Unused tax losses	248	1,143	248	1,143
Share-based remuneration	29	76	29	76
Other timing differences	22	27	22	27
Total deferred tax asset	299	1,246	299	1,246

Deferred tax liability

	Group		Company	
	Year ended	Year ended	Year ended ended	Year ended
	31 March	31 March	31 March	31 March
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Opening liability	2,877	2,457	2,683	2,197
Recognised in statement of comprehensive income	41	399	109	465
Recognised in equity	22	21	22	21
Closing liability	2,940	2,877	2,814	2,683
Deferred tax liabilities arise as follows:				
Deferred tax on acquisition	126	193	-	-
Timing differences on development costs	2,793	2,606	2,793	2,605
Accelerated capital allowances	21	78	21	78
Total deferred tax liability	2,940	2,877	2,814	2,683

21 Provisions

	Group		Company	
	Year ended	Year ended	Year ended ended	Year ended
	31 March	31 March	31 March	31 March
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Non-current provisions				
Dilapidations	-	15	-	15

Provisions released pertain to potential payments to be made in respect of dilapidations on leased assets. These have been considered as part of the new right of use liability created, in accordance with IFRS 16.

22 Financial instruments

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. When required, the Group uses derivative financial instruments in the form of forward foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, and not as trading or other speculative instruments. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ageing analysis for credit risk.

Capital management

The Board's policy is to maintain a strong capital base so as to cover all liabilities and to maintain the business and to sustain its development. The Board defines capital as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents. In order to maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares or sell assets to reduce debt.

There were no changes in the Group's approach to capital management during the year.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

(a) Categories of financial instruments

	Group		Company	
	Year ended	Year ended	Year ended	Year ended

	Year ended	Year ended	Year ended	Year ended
			ended	
	31 March	31 March	31 March	31 March
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Financial assets (current and non-current) at amortised cost				
Trade and other receivables	5,313	2,922	5,314	3,072
Cash and cash equivalents	10,912	11,868	10,757	11,683
Short term investments	-	-	-	2,173
Financial liabilities (current and non-current) at amortised cost				
Lease liabilities	1,217	416	1,217	416
Trade and other payables	1,815	1,671	1,788	1,648

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. Under the fair value three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Unobservable inputs for the asset or liability.

There have been no Level 3 fair value measurements in the current or prior financial year.

Financial risk management objectives

The Group's senior management team manage the financial risks relating to the operations of each department. These risks include market risk, credit risk and liquidity risk.

Where appropriate, the Group seeks to minimise the effects of market risks by using financial instruments to mitigate these risk exposures as appropriate. The Group does not enter into or trade in financial instruments for speculative purposes.

(b) Market risks
Foreign currency risk
The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates.

As at 31 March 2025	**Sterling**	**Euro**	**US Dollar**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Trade receivables	286	84	4,943	5,313
Lease liabilities	(1,217)	-	-	(1,217)
Trade payables	(946)		(41)	(987)
Cash and cash equivalents	7,490	229	3,193	10,912
	5,613	313	8,095	14,021

Based on this exposure, had Pound Sterling weakened by 5% the Group's profit before tax would have been £420,400 lower. The percentage change is based on management's assessment of reasonable possible fluctuations.

As at 31 March 2024	**Sterling**	**Euro**	**US Dollar**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Trade receivables	415	82	2,425	2,922
Lease liabilities	(416)	-	-	(416)
				416
Trade payables	(856)	-	(57)	(913)
Cash and cash equivalents	10,117	145	1,606	11,868
	9,260	227	3,974	13,461

Based on this exposure had Pound Sterling weakened by 5% the Group's profit before tax would have been £210,050 lower. The percentage change is based on management's assessment of reasonable possible fluctuations.

Interest rate risk
The Group is not exposed to any significant interest rate risk as borrowings are obtained at fixed rates.

Other market price risk
The Group is not exposed to any other significant market price risks.

(c) Credit risk management
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers.

The Group's principal financial assets, other than business assets, are trade and other receivables and cash and cash equivalents. These represent the Group's maximum exposure to credit risk in relation to financial assets.

	Group		***Company***	
	Year ended	**Year ended**	**Year ended**	**Year ended**
			ended	
	31 March	**31 March**	**31 March**	**31 March**
	2025	**2024**	**2025**	**2024**
	£'000	**£'000**	**£'000**	**£'000**
Trade and other receivables	5,313	2,921	5,314	3,072
Cash and cash equivalents	10,912	11,868	10,757	11,683
	16,225	14,789	16,071	14,755

Trade and other receivables
The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

The balance presented in the balance sheet is net of allowances for doubtful receivables and returns, estimated by the Group's management based on prior experience and their assessment in the current economic climate. No adjustment has been estimated for the allowance for credit loss.

The Group's main concentration of credit risk relates to where a credit risk management approach is employed, including strict retention of title, customer stock holding visibility and the use of credit insurance.

The Group applies the IFRS 9 Financial Instruments simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component.

In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due.

The expected credit loss for trade receivables as at 31 March 2025 and 31 March 2024 were determined as follows:

Days past due	**0**	**1-30**	**31-60**	**>60**	**Total**

2025					
Balance outstanding (£'000)	3,930	1,181	191	12	5,314
Historic loss rate	0%	0%	0%	0%	
Estimated credit loss provision	0.25%	1%	1.5%	2%	
Potential credit loss allowance (£'000)	10	12	3	0	25

Days past due	**0**	**1-30**	**31-60**	**>60**	**Total**
2024					
Balance outstanding (£'000)	2,779	56	12	74	2,921
Historic loss rate	0%	0%	0%	0%	
Estimated credit loss provision	0.25%	1%	1.5%	2%	
Potential credit loss allowance (£'000)	7	1	0	1	9

Due to the immaterial nature of the assessed credit risk, no provision has been recognised for 31 March 2025 or 31 March 2024.

Cash
Cash is held with banks in the UK and US with high credit ratings and no financial loss due to the banks' failure to meet their contractual obligations is expected.

(c) Liquidity risk management
The Group manages liquidity risk through the monitoring of forecast cash flows and through the use of bank loans when required, thereby maintaining sufficient liquid assets to fund its contractual obligations and maintain the ongoing development of the Group.

The table below provides an analysis of the Group's financial liabilities to be settled on a gross basis by relevant maturity categories from the balance sheet date to the contractual settlement date. The table includes both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

31 March 2025	**1 year or less £'000**	**1 to 2 years £'000**	**2 to 5 years £'000**	**Over 5 years £'000**	**Total liabilities £'000**
Trade payables	987	-	-	-	987
Other payables	1,044	-	-	-	1,044
Lease liabilities	289	312	278	338	1,217
	2,320	312	278	338	3,248

31 March 2024	**1 year or less £'000**	**1 to 2 years £'000**	**2 to 5 years £'000**	**Over 5 years £'000**	**Total liabilities £'000**
Trade payables	913	-	-	-	913
Other payables	970	-	-	-	970
Lease liabilities	220	133	64	-	417
	2,103	133	64	-	2,300

23 Retirement benefits
Contributions by Group companies are charged to the income statement as an expense as they fall due. The amount recognised as an expense in relation to defined contributions plans was £351,251 (2024: £422,669).

24 Share-based payments

	Year ended 31 March 2025 £'000	**Year ended 31 March 2024 £'000**
Charged to administration expenses:		
Equity settled share-based payments	445	756
Cash settled share-based payments	(13)	(10)
Total share-based payments	432	746

During the year 386,000 share options were granted (2024: 26,550) exclusive of the management LTIP. The fair value of share options granted has been estimated at the date of the grant using the Black-Scholes model. Expected volatility in the current year was determined by calculating the historical volatility of the Group's share price over the previous year, which the Board consider to be representative of future volatility.

The following table gives the assumptions made in arriving at the share-based payment charge and the fair value:

	Year ended 31 March 2025	**Year ended 31 March 2024**
Options issued	386,000	26,550
Weighted average share price (pence)	57	113
Weighted average exercise price (pence)	1	113
Expected volatility (%)	42.8%-66.6%	51.8%
Vesting period (years)	3-5	3-5
Option life (years)	10	10
Risk free rate (%)	5.0	5.0
Dividend yield (%)	1.25	1.0
Fair value at grant date (£'000)	175	11

Equity options in issue at 31 March 2024	**5,191,183**
Equity options issued in the year	386,000
Equity options realised in the year	(333,334)
Equity options forfeited in the year	(379,999)
Equity options in issue at 31 March 2025	**4,863,850**

As at 31 March 2025	**Tranche**	**Tranche**	**Tranche**	**Tranche**
Number of option awards in issue	386,000	1,959,633	2,463,217	55,000
Exercise price (pence)	1	48	112-118	155-158

Share price as at 31 March 2025 (pence)	46	46	46	46
Weighted average share price for year ended 31 March 2025 (pence)	57	57	57	57
Number of options available to exercise at 31 March 2025	-	1,242,966	492,834	-
Average period remaining of options in issue (months)	-	109	119	-

During the year 25,000 cash settled options were granted (2024: £nil). The fair value has been measured at the reporting date using the Black-Scholes model. Due to the proximity of the reporting date to the issue of equity settled share options granted, the model assumptions on volatility, risk free rate, and dividend yield used for the cash settled options do not materially differ from those in the table above.

	Year ended 31 March 2025	Year ended 31 March 2024
Options issued	25,000	-
Weighted average share price (pence)	46	-
Weighted average exercise price (pence)	1	-
Vesting period (years)	3-5	-
Option life (years)	10	-
Fair value at reporting date (£'000)	9	-

As at 31 March 2025		
Number of awards in issue	25,000	188,500
Exercise price (pence)	1	115-118
Share price as at 31 March 2025 (pence)	46	59
Weighted average share price for year ended 31 March 2025 (pence)	46	92
Number of options available to exercise at 31 March 2025	nil	nil

During the year a further management long term incentive plan ('LTIP') was created inclusive of market based vesting conditions. To determine fair value, a Black-Scholes model was utilised for the EPS tranche, and a Monte Carlo valuation for the TSR tranche. Further details can be found on the LTIP vesting criteria within the Remuneration Committee report. The cumulative charge to overhead for the year from the management LTIPs in issue was £111,549 (2024: £158,389).

Due to the inclusion of performance-based measures beyond only the passage of time, these performance-based employee share options have been treated as contingently issuable shares in the calculation of both basic and diluted earnings per share. The performance measures will be assessed (based on audited data) by the Remuneration Committee at the end of the 3-year period.

As at 31 March 2025

	TSR Tranche	EPS Tranche	Revenue Tranche	Total
Options in issue FY24 Management LTIP	157,181	314,361	157,181	628,723
Fair value (£'000)	72	340	170	582
Exercise price (pence)	1	1	1	
Options available to exercise at 31 March 25	Nil	Nil	Nil	
Options in issue FY25 Management LTIP	393,172	393,173	-	786,345
Fair value (£'000)	24	177	-	201
Exercise price (pence)	1	1	-	
Options available to exercise at 31 March 25	Nil	Nil	-	

25 Share option reserve

Share option reserve reconciliation	**Year ended 31 March 2025 £'000**	**Year ended 31 March 2024 £'000**
Opening balance	1,414	873
Equity settled share-based payments	445	756
Share options realised or forfeited	(72)	(195)
Deferred taxation on share options: charge recognised in equity	(23)	(20)
Total share option reserve	1,764	1,414

26 Group companies

Subsidiary undertakings	**Country of registration or incorporation**	**Principal activity**	**% of direct shares held 2025**	**2024**
Calnex Americas Corporation	USA	Sales and marketing Support services to Calnex Solutions plc	100%	100%

27 Called up share capital

As at 31 March 2025, the Company had 87,891,636 (2023: 87,558,302) issued and fully paid Ordinary Shares held at a nominal value of 0.125p. During the year, exercise of share options resulted in 333,334 shares being issued.

	Group and Company 31 March 2025 £'000	**31 March 2024 £'000**
Ordinary shares of 0.125p each	110	109
In issue at the start of the financial year	109	109
Share options exercised	1	0
In issue at end of the financial year	110	109

28 Earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of Ordinary Shares in issue during the year.

Diluted earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the total of the weighted average number of Ordinary Shares in issue during the year and adjusting for the dilutive potential Ordinary Shares relating to share options and warrants.

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Profit after tax attributable to shareholders	337	40
Weighted average number of ordinary shares used in calculating:		
Basic earnings per share	87,614	87,530
Diluted earnings per share	92,852	92,749
Earnings per share - basic (pence)	0.38	0.05
Earnings per share - diluted (pence)	0.36	0.04

29 Notes to the Statement of Cashflow

Reconciliation of changes in liabilities to cashflows arising from financing activities

	Lease liabilities £'000	Total £'000
Balance at 31 March 2024	415	415
Lease repayment	(314)	(314)
Interest payments	37	37
Total changed from financing cashflows	(277)	(277)
Acquisition of new lease	1,079	1,079
Total other changes	1,079	1.079
Balance at 31 March 2025	1,217	1,217

30 Share schemes

The company operates a number of share incentive plans on behalf of its employees, details of which can be found in the Remuneration Committee report. Included in these are the UK Share Incentive Plan and a cash settled phantom plan for Non-UK employees**:**

UK Employee Share Incentive Plan (UK SIP)

The UK SIP is an all-employee HMRC approved share plan open to employees based in the UK. Employees can elect to invest up to £150 each month (£1,800 per year), deducted from their gross salary, which is used to purchase shares at market value as "partnership" shares. The Company offers participants "matching" shares, which are subject to forfeiture for three years, on the basis of one free matching share for each partnership share purchased.

Non-UK Employee Incentive Plan

Under the UK SIP Plan, shares may only be awarded to UK based employees of the Group. As the Board also wanted to have the discretion to grant awards to contractors and overseas employees, it was necessary to set up a separate Non-UK Employee Incentive Plan under the rules of the Notional Plan (refer to the Remuneration Committee Report for more detail). This Plan acts as a non-tax advantaged shadow equity interest plan to the UK SIP, mirroring the UK SIP awards for overseas employees and contractors with equity ownership being replaced by cash settlement. The non-UK Employee Incentive plan is therefore available to employees in countries other than the UK, on a cash-settled basis. Employees can elect to save funds up to £150 each month (£1,800 per year), deducted from their pre-tax salary, for a 12-month period, and matched by the Group. In the cash settled model, these savings are then returned to the participant at the prevailing market share price at the end of the savings period, had the funds been used to purchase Calnex Solutions plc shares (returns being fully funded by the Group). Employees participating in this scheme during the period under review included those based in China, Hong Kong and India and the USA. The fair value assessment of this obligation at the year-end was £70,000 (2024: £110,500) and is included within other creditors.

31 Dividends

All dividends are determined and paid in Pound Sterling.

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Declared and paid in the year		
Final dividend 2023: 0.62p per share	-	543
Interim dividend 2024: 0.31p per share	-	271
Final dividend 2024: 0.62p per share	543	-
Interim dividend 2025: 0.31p per share	271	-
Proposed for approval at the Annual General Meeting (not recognised as a liability at 31 March 2024)		
Final dividend 2025: 0.62p per share	545	-

The directors are proposing a final dividend with respect to the financial year ended 31 March 2025 of 0.62p per share, which will represent £544,928 of a dividend payment. The final dividend will be proposed for approval at the Annual General Meeting in August 2025 and, if approved, will be paid on 29 August 2025 to all shareholders on the register as at close of business on 25 July 2025, the record date. The ex-dividend date will be 24 July 2025.

32 Alternative performance measures (APMs)

The performance of the Group is assessed using a variety of performance measures, including APMs which are presented to provide users with additional financial information that is regularly reviewed by the Board. These APMs are not defined under IFRS and therefore may not be directly comparable with similarly identified measures used by other companies.

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Underlying EBITDA	1,151	80
Underlying EBITDA %	6%	0%
Capitalised R&D	4,836	5,579

Key performance measures:

- **Underlying EBITDA**: EBITDA after charging R&D amortisation

Reconciliation of statutory figures to alternative performance measures - Income Statement

	FY25 £000	FY24 £000
Revenue	18,386	**16,274**
Cost of sales	(4,623)	(4,327)
Gross Profit	**13,763**	**11,947**
Other income	913	797
Administrative expenses (excluding depreciation & amortisation)	(9,254)	(8,884)
EBITDA	5,422	3,860
Amortisation of development costs	(4,271)	(3,780)
Underlying EBITDA	**1,151**	**80**
Other depreciation & amortisation	(714)	(697)
Operating Profit / (loss)	**437**	**(617)**
Interest received	320	**357**
Finance costs	(37)	(124)
Profit/(loss) before tax	720	**(384)**
Tax	(383)	424
Profit for the year	**337**	**40**

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