RNS Number : 9035K
MicroSalt PLC
02 June 2025

MicroSalt PLC

("MicroSalt", the **"Company"** or the **"Group")**

Final Results for the year ended 31 December 2024 and Notice of Annual General Meeting

2 June 2025

MicroSalt Plc (AIM: SALT) , a leading manufacturer of full-flavour natural salt with approximately 50% less sodium, is pleased to announce its first set of full-year results following the successful admission of the Company to the AIM market of the London Stock Exchange in February 2024.

2024 was a foundational year for MicroSalt as we began receiving large, recurring purchase orders for our bulk product in Q4 2024 and completed the R&D for new patent pending product (MicroSalt Premium) designed for the Quick Service Restaurants (QSR) and Fast Service Restaurants (FSR) sales channels.

In late 2024, we established regular and repeating revenue with one of the world's leading food and beverage companies across several countries (Mexico, US, Canada) and an international seasoning and flavour supplier. This resulted in Q1 2025 bulk sales exceeding total bulk sales in FY 2024.

Highlights include:

- Repeat purchase orders totalling 44mT (metric tonnes) of MicroSalt were received from Customer 1, the Mexican business of one of the largest beverage and snack food companies in the world. Most of this volume occurred in Q4 and has continued on a monthly basis throughout 2025.

- Repeat purchase orders from the Canadian business unit of one of the largest beverage/snack food companies in the world were received totalling 7.3 mT. Most of this volume occurred in Q4 and has continued on a monthly basis throughout 2025.

- Repeat purchase orders were received from the US business unit of one of the largest beverage/snack food companies in the world totalling 5.9mT. Most of this volume occurred in Q4 and has continued monthly throughout 2025.

- Continued to build a strong pipeline with significant volume customer prospects at advanced stages with a range of national and multi-national companies with scope for MicroSalt to be nominated as a supplier on larger product lines once established with these key customers. Taken altogether, we are reaffirming the guidance of revenue of at least US 2.5 million for FY 2025, representing almost 300% increase versus FY 2024, with further growth expected. In Q1 2025, our bulk sales exceeded total bulk sales made during FY 2024.

- R&D efforts delivered a patent pending product line extension called MicroSalt Premium. This innovation specifically addresses the bulk density of the MicroSalt base product to enhance its use in the QSR/FSR sales channels. The French fry category alone is significant with over 2 billion servings annually in the US, with the new revenue potential in the foodservice channel with restaurants, hospitals, hotels, heartcare and single serve packaging. The product is in final consideration for rollout with a top international brand in Q3 of 2025.

- FY 2024 revenue of US 0.75m (2023: US 0.6m) reflects primarily B2C sales, with a material ramp up in B2B sales commencing in Q4 2024 into 2025.

- The net loss of US 5.8m (2023: US 3.5m) reflects the one-off nature of IPO costs (1.3m), as well as what we also consider a non-recurring R&D spend in 2024 related to the launch of Microsalt Premium in January 2025, and finally preparation for the launch of the first two major food manufacturing customers within the Company's B2B solution. The Company also expects significant improvement to its gross margins in 2025, as our sales mix is becoming much more reliant on bulk sales at the expense of lower margin consumer sales of its B2C products which made up most of our FY 2024 sales mix.

Post-period end highlights

- In April 2025, we announced that total bulk sales in Q1 2025 reached 98mT (216,190 lbs.) setting a new Company record and establishing three consecutive quarters of sales growth. Importantly, bulk revenue in Q1 2025 represents 142% of the total bulk revenue for all of 2024. This includes shipments to existing markets of Canada, Mexico, United States and newly opened markets in Great Britain and Belgium.
  The launch of our MicroSalt Premium product line in January targeting the quick service and fast service restaurant (QSR/FSR) market with a focus on French fries, has been very well received and is already in final consideration for rollout with a top international brand in Q3 of this year. This further demonstrates the expanding footprint of MicroSalt's functionality beyond just topical applications and into new markets such as cheese, peanut butter, chicken breading and coatings.

- In February 2025, we took action to strengthen our balance sheet ahead of an anticipated increase in orders through a successful and oversubscribed fundraising of £2.3 million (c.US 2.9 million). The proceeds of the Subscription are being used mainly to invest in inventory to satisfy expected B2B customer demand in 2025 from leading snack manufacturers and targeting the very significant "French fry" market with our MicroSalt Premium product. The Company has already received positive early interest from a leading global fast-food chain for application to a number of their products, including French fries.

Rick Guiney, CEO of MicroSalt, commented:

"This has been a transformational year for MicroSalt. Following our successful IPO, and with continued evidence of the timeliness and essential nature of MicroSalt's products, we are now a recognised and preferred choice for product reformulation globally.

"MicroSalt's progress is reflected in the material improvement in revenue generation during Q4 2024 that continued into the early months of 2025, driven by recurring orders from one of the world's largest snack food businesses. The repeat nature of orders and the work undertaken to date to reformulate some of the world's leading snack food brands provide us with clear revenue visibility and the ability to reaffirm 2025 revenue guidance of at least 2.5 million.

"We are very excited about the growth of our MicroSalt products and its ever-widening acceptance within the food manufacturing community. Our growth story is now evidenced by growing sales volume, the number of topical applications, and countries served. Continued regulatory support for lower sodium food products acts as a catalyst to our growth both in the US and across the globe in short and long term."

Notice of Annual General Meeting

The Annual General Meeting ("AGM") of MicroSalt Plc will be held at the offices of Bird & Bird LLP, 12 New Fetter Lane, London EC4A 1JP on 27 June 2025 at 12.30 p.m. (British Summer Time). The annual report and the formal notice of the 2024 AGM will be posted to shareholders on 2 June 2025.

The notice of AGM will be available to review on the Company's website at: www.microsalt.co

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

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Notes to Editors

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

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

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

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

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

Chief Executive Officer's statement

Introduction

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

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

In 2024, we have established regular and repeating revenue with one of the world's leading food and beverage companies across a number of countries (Mexico, US, Canada) as well as an international seasoning and flavour supplier. We have established an active B2B pipeline for future growth and we have created a groundbreaking product innovation that is already opening up significant additional revenue opportunities in 2025. Specifically, in 2024 we focused on two key initiatives:

- Worked with existing and new B2B accounts on the rollout of bulk Microsalt into a number of product lines across several international food manufacturers. This included expanding our presence to include MicroSalt® on additional food products within the same customer and to vertically integrate into the seasoning and flavour manufacturers. Our go to market efforts have extended across continents, with inroads in Asia, Australia, South Africa, the UK, Germany, Canada, Latin America and South America, all of which have boosted our already vibrant sales pipeline, and resulted in significant sales volume increases in Q4 2024 and Q1 2025.

- Completed R&D and final testing of our new patent pending product (Microsalt Premium) designed for the Quick Service Restaurants (QSR) and Fast Service Restaurants (FSR) sales channels. Premium not only provides entry into the foodservice segment including restaurants, hotels, hospitals, healthcare and single serve packaging, it provides a foot hold into the entire lower sodium efforts associated with the fast-food channel (Fries, bread, cheese, chicken, etc). In the US alone, over 4.5 billion pounds of French fries were consumed each year, with 2 billion orders from just the fast-food industry.

This work resulted in our Q1 2025 bulk sales alone exceeding our 2024 B2B sales.Total bulk sales in Q1 2025 reached

98mT (216,190 lbs.) setting a new Company record and establishing three consecutive quarters of sales growth.

Looking ahead, our future is extremely bright, as evidenced by growing sales volume, an increased number of topical applications, expanded sales channels, and countries served. Continued regulatory support for lower sodium food products acts as a catalyst to our growth both in the US and across the globe and safeguards the longevity of MicroSalt as a key component.

Financial summary

The Company's revenue of US 0.75m (2023: US 0.57m) and net loss of US 5.4m (2023: US 3.5m) are reflective of the costs associated with the IPO (1.3m), R&D associated with the launch of the Premium product and preparation for the launch of the first two major food manufacturing customers within the Company's existing B2B solution.
This groundwork resulted in significant B2B sales volume increase in Q4 2024, which continued well into 2025.

Accordingly, most of the revenue in 2024 was D2C (Direct to Consumer). With initial B2B orders received in the latter part of 2024 and multiple other B2B opportunities in various stages of testing, combined with IPO readiness preparation, we expect bulk ingredient sales to become vast majority of our sales mix in 2025 and beyond.

Inventories increased to US 0.7m (2023: US 0.6m), predominately due to an increase in raw materials, again in preparation for the expected bulk orders from the Company's first two major food manufacturing B2B customers (Customers 1, 2).

Trade and other receivables decreased to US 0.9m (2023: US 1.3m), predominately due to IPO deferred costs included in 2023, which completed 1 February 2024.

Trade and other payables decreased to US 1.4m (2023: US 1.7m), predominately due to payments to trade payables post IPO.

Borrowings also increased to US 2.7m (2023: US 2.5m), predominately due to increases in the convertible loan notes and its interest issued by Tekcapital Group to MicroSalt prior to the IPO.

Operations summary

A key focus of the business during 2024 was of our larger-volume B2B opportunities with a number of multinational Fast-moving consumer goods (FMCG) companies and food manufacturers. Several of these opportunities completed the R&D, production and consumer testing phases. In particular, the Group was an approved supplier of Customers 1 and 2, which although separate entities, operate under the same group. Customer 1, (which has 80% of the Mexican snack food market) launched three existing popular products using MicroSalt in Q3/Q4 for which 44 mT of MicroSalt were delivered. Customer 1 also provided non-binding annualised volume targets, across a number of items and geographies. Furthermore, the Company began negotiating a joint development agreement along with additional item roll outs with Customer 2 which is expected to be executed in the second half of 2025.

R&D efforts delivered a patent pending product line extension, MicroSalt Premium. This innovation specifically addresses the bulk density of the MicroSalt base product to enhance its use in the QSR/FSR sales channels. The French fries category alone is significant with over 2 billion servings annually in the US, with the new revenue potential in the foodservice channel with restaurants, hospitals, hotels, heartcare and single serve packaging.

Sales and marketing

MicroSalt attended a number of US based and international food shows, which has been the core focus of its sales and outreach efforts. In 2024, the Company also attended shows and events in the UK, Canada, Germany, France and Dubai. These are in addition to the major industry events in the US market. These events provide venues for live demonstrations of MicroSalt and in person exchanges with both new and existing prospects. This has resulted in an extremely vibrant pipeline of pending sales successes while representing a cross section of company sizes and geographies.

The Company also invested actively in brand awareness via social media campaigns, LinkedIn, newsletters and customer educational pieces in order to provide industry exposure to Microsalt and its capabilities. The Company also appointed British celebrity chef Jack Stein as a Brand Ambassador. Post-period end, the Company also added new sales executives to its team to service the multitude of commercial opportunities in its pipeline.

Intellectual property

Intellectual property

In May 2024 the United States Patent and Trademark Office granted and issued MicroSalt's patent entitled 'Low Sodium Salt Composition'. The Patent concerns the production of MicroSalt having claims directed to a low-sodium salt that adheres better to foods than a traditional salt that is not adhered to a carrier particle, and that is produced according to MicroSalt's claimed improved production process. An additional patent has also been applied for and is pending relative to the manufacturing process of MicroSalt Premium.

Political/regulatory update

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

The US FDA has issued initial guidance on pending front of pack (F.O.P) labels highlighted high, medium or low as it pertains to sodium, fat, and sugar. We expect this will force all US based manufacturers to examine their respective sodium levels with the understanding that high sodium levels will no longer be isolated to the back of the package. Items labelled as high may also be subject to further restrictions as governmental regulations continue, thereby incentivising the food industry to provide healthier, lower sodium food.

Current trading and outlook

2024 was a pivotal year for MicroSalt, marked by foundational efforts and strategic growth. It was a year of building as we promote our vision of a healthier future through reduced sodium in today's diets. We are discovering more and more possibilities and commercial opportunities for 2025 and beyond.

- Q1 2025 total bulk sales reached 98mT (216,190 lbs.) setting a new Company record and establishing three consecutive quarters of sales growth. Importantly, bulk revenue in Q1 2025 represents 142% of the total bulk revenue for all of 2024. This includes shipments to existing markets of Canada, Mexico, United States and newly opened markets in Great Britain and Belgium. The Company also expects significant improvement to its gross margins in 2025, as the sales mix is becoming much more reliant on bulk sales at the expense of lower margin consumer sales of its B2C products which made up most of our FY 2024 sales mix.
- On 1 February 2025, the Company completed its second fundraise, raising approximately £2.4m (US 3.1m). The proceeds of the fundraise are being used mainly to invest in inventory to satisfy expected B2B customer demand in 2025.
- The launch of our MicroSalt Premium product line in January 2025 targeting the quick service and fast service restaurant (QSR/FSR) market with a focus on French fries, has been very well received and is already in final consideration for rollout with a top international brand Q3 of this year.
- New sales staff were added to specifically address the opportunity for MicroSalt Premium within QSR/FSR market.

The Group throughout 2024 and Q1 2025 has proven it is fundamentally strong in its structure, financing, IP, market opportunity and product acceptance to support our unequivocal belief in its future as a dominant supplier as the world turns to lower sodium options.

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

Rick Guiney
Chief Executive Officer
2 June 2025

Consolidated statement of profit or loss and other comprehensive income

	Note	Year ended 31 December 2024 US '000	Year ended 31 December 2023 US '000
Revenue	4	750	574
Cost of sales		(1,188)	(724)
Gross (loss)/profit		(438)	(150)
Other operating income	5	3	120
Administrative expenses		(3,983)	(3,318)
IPO Costs		(1,430)	-
Operating loss		(5,848)	(3,348)
Finance income		6	-
Finance expense	10	(289)	(131)
Loss before taxation		(6,131)	(3,479)
Taxation	11	-	-
Loss for the year		(6,131)	(3,479)
Loss for the year attributable to:			
Owners of the parent		(6,131)	(3,479)
		(6,131)	(3,479)
Other comprehensive income			
Items that may or may not be recognised in profit or loss:			
Foreign currency translation differences		89	6
Total comprehensive income		(6,042)	(3,473)
Total comprehensive loss attributable to:			
Owners of the parent		(6,042)	(3,473)
		(6,042)	(3,473)
Loss per share for loss attributable to the owners			
Basic and diluted loss per share (US)	12	(0.13)	(0.39)

The notes on pages 11 to 30 form part of these financial statements

Consolidated statement of financial position

Company Number 10061337	Note	As at 31 December 2024 US '000	As at 31 December 2023 US '000
Assets			
Current assets			
Inventories	15	714	568
Trade and other receivables	16	872	1,259
Cash and cash equivalents	17	261	117
Total current assets		1,847	1,944
Non-current assets			
Property, plant & equipment	14	200	8
Intangible assets	13	498	321
Total non-current assets		698	329
Total assets		2,545	2,273
Liabilities			
Current liabilities			
Trade and other payables	18	1,348	1,745
Total current liabilities		1,348	1,745
Non-current liabilities			
Borrowings	19	2,746	2,524
Total non-current liabilities		2,746	2,524
Total liabilities		4,094	4,269

	Note		
Net (liabilities)/assets		(1,549)	(1,996)
Equity			
Share capital	20	99	73
Share premium	20	6,183	-
Share-based payment reserve		1,340	1,060
Capital contribution reserve		500	500
Translation reserve		95	6
Accumulated losses		(9,766)	(3,635)
Total equity		(1,549)	(1,996)

The financial statements were approved and authorised for issue by the Board of Directors on 30 May 2025 and were signed on its behalf by:

Rick Guiney

Chief Executive Officer

The notes on pages 11 to 30 form part of these financial statements

Consolidated statement of changes in equity

	Note	Share capital US '000	Share premium US '000	Share based payment reserve US '000	Capital contribution reserve US '000	Accumulated losses US '000	Translation reserve US '000	attrib co U
At 1 January 2023		-	1,121	488	2,452	(3,999)	-	
Loss for the year		-	-	-	-	(3,479)	6	(
Transactions with owners								
Issue of ordinary share capital	20	73	2,452	-	(2,452)	-	-	
Capital contribution from ultimate controlling party		-	-	-	500	-	-	
Cancellation of share premium		-	(3,573)	-	-	3,573	-	
Share-based payments		-	-	572	-	-	-	
Share-for-share exchange		-	-	-	-	270	-	
At 31 December 2023		73	-	1,060	500	(3,635)	6	(
Loss for the year		-	-	-	-	(6,131)	-	
Other comprehensive income		-	-	-	-	-	89	
Transactions with owners								
Issue of shares	20	26	7,023	-	-	-	-	
Cost of share issue		-	(840)	-	-	-	-	
Share-based payments		-	-	280	-	-	-	
At 31 December 2024		99	6,183	1,340	500	(9,766)	95	(

The notes on pages 11 to 30 form part of these financial statements

Consolidated statement of cash flows

	Note	Year ended 31 December 2024 US '000	Year ended 31 December 2023 US '000
Cash flows from operating activities			
Profit (Loss) before income tax		(6,132)	(3,479)

Profit (Loss) before income tax		(6,132)	(3,479)
Depreciation of property, plant and equipment	14	12	1
Amortisation of intangible assets		24	6
Share based payment expense		280	572
Loss/(gain) on foreign currency translation		89	-
Finance income		(6)	-
Finance expense	10	289	131
		(5,444)	(2,769)
(Increase) / decrease in inventories	15	(146)	(360)
Increase in trade and other receivables	16	387	(1,038)
Increase in trade and other payables	18	(729)	1,580
Net cash used in operating activities		(5,932)	(2,587)
Cash flows from investing activities			
Purchase of intangible assets	13	(201)	(180)
Payments to acquire property, plant and equipment	14	(204)	(9)
Interest received		6	-
Net cash used in investing activities		(399)	(189)
Cash flows from financing activities			
Issue of shares		7,048	73
Proceeds from borrowings	23	267	2,723
Payment of share issue costs		(840)	-
Net cash from financing activities		6,475	2,796
Increase in cash and cash equivalents	17	144	20
Cash and cash equivalents at beginning of year		117	91
Effect of foreign exchange rate changes		-	6
Cash and cash equivalents at end of year		261	117

The notes on pages 11 to 30 form part of these financial statements

Notes to the consolidated financial statements

1. General information

MicroSalt Plc (the "Company") is a private company limited by shares and registered and incorporated in England and Wales. The registered office is 12 New Fetter Lane, London, United Kingdom, EC4A 1JP.

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

2. Accounting policies

2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with UK-adopted International Accounting Standards ("IFRS").

The financial statements have been prepared under the historical cost convention. The measurement bases and principal accounting policies of the Group are set out below.

New standards, amendments and interpretations

Standards and interpretations which are effective in the current year

None of the standards which became effective during the period which are applicable to the Group, have had a material impact.

Standards and interpretations that are not yet effective

Certain new standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early. These standards, amendments or interpretations are not expected to have a material impact on the Group.

2.2 Going concern

The Directors have assessed the ability of the Group to continue as a going concern using cash flow forecasts. The Group meets its day to day working capital requirements through cash raised from the admission to AIM and revenue sales. On 1 February 2025, the Company completed its second raise on the AIM Market of the London Stock Exchange, raising approximately £2.4m (US 3.1m) in order to solidify its funding to continue its aggressive growth strategy including R&D, sales support and production requirements. The Directors are satisfied that there are sufficient resources to continue in business for the foreseeable future and for at least 12 months from the date of signing these financial statements.

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

2.3 Revenue recognition

IFRS 15 "Revenue from Contracts with Customers" is a principle-based model of recognising revenue from contracts with customers. The model comprises five steps with revenue being recognised when control over goods and services are transferred to the customer.

The Group's revenue consists of product sales. Revenue is recognised when the Group delivers a product to the customer. Payment of the transaction price is due immediately when the customer purchases the product and takes delivery or in the case of certain business to business transactions on credit terms.

Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and sales taxes or duty.

2.4 Basis of consolidation

The consolidated financial statements present the results of the Company and its subsidiaries as if they form a single entity.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When changes in ownership in a subsidiary do not result in a loss of control, the non-controlling shareholders' interests are initially measured at the non-controlling interests' proportionate share of the subsidiaries net assets. Subsequent to this, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

When necessary, adjustments are made to the financial information of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2.5 Other operating income and grants

Other operating income represents all other income received by the Group. This includes R&D Expenditure Credits which are a form of government grant.

Government grants are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the statement of profit or loss and other comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

The grant income received has been accounted for in accordance with IAS 20 'Accounting for Government Grants and Disclosure of Government Assistance' and is shown in other operating income in the statement of profit or loss and other comprehensive income whilst research and development expenditure is shown gross of grant income.

2.6 Finance expense

Finance expense comprises of interest payable on convertible loan notes which are expensed in the period in which they are incurred and reported in finance costs.

Notes to the consolidated financial statements (continued)

2 Accounting policies (continued)

2.7 Foreign currency translation

The functional currency of the Company is GB Pounds Sterling. For the purposes of the consolidated Interim Financial Information, the results and financial position of the Company and its subsidiary are presented in US Dollars which is the Group's presentational currency.

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the end of the reporting period. All differences are taken to the statement of profit or loss and other comprehensive income.

Exchange differences arising on the settlement of monetary items and on the retranslation of monetary items are included in the statement of comprehensive income for the period.

The assets and liabilities of the Group are expressed in US Dollars using exchange rates prevailing at the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified as other comprehensive income and are transferred to the Group's translation reserve.

2.8 Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the UK where the Group operates and generates taxable income. Deferred tax balances are recognised in respect of all temporary differences that have originated but not reversed by the reporting date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.9 Property, plant and equipment

Items of property, plant and equipment are stated at historical cost less accumulated depreciation.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and equipment	-	20 per cent straight-line
Computer equipment	-	20 per cent straight-line

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

2. Accounting policies (continued)

2.10 Intangible assets

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is charged to the administrative expenses in the statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life are systematically tested for impairment at each balance sheet date.

Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows on a straight-line basis:

Intellectual property and patents	-	Length of the trademark/patent

The estimated useful lives are based upon management's best estimate of the expected life of the asset. Useful lives are reconsidered if circumstances relating to the asset change or if there is an indication that the initial estimate requires revision.

2.11 Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Weighted average cost is used to determine the cost of ordinarily interchangeable items.

2.12 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short term highly liquid deposits which are subject to an insignificant risk of changes in value.

2. Accounting policies (continued)

2.13 Financial assets

The Group classifies its financial assets at amortised cost. Management determines the classification of its financial assets at initial recognition.

The Group's financial assets held at amortised cost comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold their assets in order to collect contractual cash flows and the contractual cash flows are solely payments of the principal and interest.

They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using the lifetime ECLs. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime ECL for the trade receivables. For trade receivables, which are reported net; such provisions are recorded in a separate provision account with the loss being recognised within administrative expenses in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

2.14 Financial liabilities

The Group measures its financial liabilities at amortised cost. All financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provision of the instrument.

The Group's financial liabilities held at amortised cost comprise trade payables and other short-dated monetary liabilities, and borrowings in the consolidated statement of financial position.

Trade payables and other short-dated monetary liabilities are initially recognised at fair value and subsequently carried at amortised cost using the effective interest rate method.

Borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position.

For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Unless otherwise indicated, the carrying values of the Group's financial liabilities measured at amortised cost represents a reasonable approximation of their fair values.

2. Accounting policies (continued)

2.15 Impairment of assets

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired.

Where there is any indication that an asset may be impaired, the carrying value of the asset is tested for impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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 to sell and value in use. Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.16 Equity instruments

Equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all liabilities and comprises the following:

- "Share capital" represents the nominal value of equity shares;
- "Share premium" represents the excess value of equity shares above the nominal value;
- "Share-based payment reserve" represents the cumulative fair value of options;
- "Capital contribution reserve" represents non-cash contributions from equity holders;
- "Accumulated losses" represents retained earnings less retained losses;
- "Translation reserve" represents the Cumulative gains and losses on translating the net assets of the Company to the presentation currency of the Group" and
- "Non-controlling interests" represents the cumulative net profits/(losses) in relation to non-controlling interests.

2.17 Convertible loan notes

Convertible loan note instruments issued by the Group are assessed to whether the transaction price relates to both the underlying financial instrument and the warrants issued representing the same economic arrangement, and therefore fair value of the whole arrangement. The Group assesses whether the underlying financial instrument (loan notes) and the conversion feature should be classified as a liability or equity instrument. As part of this assessment, the Group considers whether the conversion feature is closely related to the host contract, requiring a separate assessment of the host contract and the conversion feature. It was determined that the conversion feature was not closely related to the host contract, meeting the criteria for recognition as a separate embedded derivative.

Conversion feature: There is an obligation to convert the loan notes into variable number of ordinary shares of MicroSalt Inc. on conversion events. The conversion feature is at market price as there is no discount against future equity placement offered. Therefore, the conversion feature is not a derivative because the value of the conversion feature does not change in response to the share price, and as such the conversion feature is a financial liability.

Therefore, the fair value of the overall transaction price is initially recognised as a financial liability and subsequently measured at amortised cost.

2. Accounting policies (continued)

2.18 Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period with a corresponding adjustment to equity. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met.

Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each statement of financial position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Group keeping the scheme open or the employee maintaining any contributions required by the scheme).

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the fair value of the original share-based payment at date of grant.

3. Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires the Group management to exercise judgement and use assumptions in applying the Group's accounting policies. The resulting accounting estimates calculated using these judgements and assumptions will, by definition, seldom equal the related actual results but are based on historical experience and expectations of future events. Management believe that the estimates utilised in preparing the financial statements are reasonable and prudent.

Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The judgements and key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are discussed below:

Critical judgements

Information about critical judgements that may have most significant effect on recognition and measurement on assets, liabilities and expenses is provided below:

Going Concern

The Group liabilities exceeded its assets as at 31 December 2024, mainly due to the convertible loan notes (CLN) issued by Teckcapital for US 2,746,000. Management knows that the CLN holder is our most significant shareholder which considerably mitigates the risk associated with these CLN. The going concern basis is being upheld by future cashflow forecasts which involves significant management judgement.

Notes to the consolidated financial statements (continued)

Investment in subsidiary (company only)

The valuation of the investment in subsidiary is supported by the company delivering on its future business plan. The future business plan is underpinned by forecast cash flows which involve significant management judgements. If the Group was to underperform the forecast performance of the business plan, there is a risk that this balance might be impaired.

4. Revenue from contracts with customers

All Group revenue was generated from the sale of goods across North America and recognised at the date the goods were delivered. 3 customers make up 10% or more of revenue in the period ended 31 December 2024 (2023:1).

	31 Dec 2024 US '000	31 Dec 2023 US '000
Customer 1	209	-
Customer 2	157	107
Customer 3	122	-

5. Other operating income

	31 Dec 2024 US '000	31 Dec 2023 US '000
R&D expenditure tax credit	-	48
Other income	3	72
	3	120

6. Segmental reporting

Factors that management used to identify the Group's reportable segments:

The Chief Operating Decision Maker ("CODM") has been identified as the Directors. The CODM reviews the Group's internal reporting in order to assess performance and allocate resources. The CODM has determined that there is one single operating segment, the development and sale of low sodium salt and snack foods.

7. Operating loss

	31 Dec 2024 US '000	31 Dec 2023 US '000
Amortisation of intangible assets	24	6
Research and development expense	247	81
Share-based payment expense	280	572
Inventory recognised as an expense	-	81
Expected credit losses	14	(3)

Notes to the consolidated financial statements (continued)

8. Auditors' remuneration

During the year the Group obtained the following services from the Group's auditors:

	31 Dec 2024 US '000	31 Dec 2023 US '000
Fees payables for the audit of the Group and Company's annual accounts	94	45
Fees payables for all other pre-IPO non-audit services	47	208
	141	253

9. Employees and directors

	2024 US '000	2023 US '000
Wages and salaries	670	276
Social security costs	227	72
Share-based payment expense	280	572
	1,177	920

The average monthly number of employees and Directors during the year was as follows:

	2024 Number	2023 Number
Management and administration	7	5
	7	5

Directors' remuneration is as follows:

	2024 US '000	2023 US '000
Directors' emoluments, including salaries and fees	433	221
Social security costs	184	18
Share-based payment expense	280	572
	897	811

Key management personnel include all of the Directors, who together have authority and responsibility for planning, directing, and controlling the activities of the Group's business. There are no key management personnel other than the Directors of the Group.

The remuneration of the highest paid Director who served during the year was Rick Guiney which consisted of base salary of US 200,000 (2023: US 150,000), paid by MicroSalt Inc.

10. Finance expense

	31 Dec 2024 US '000	31 Dec 2023 US '000
Finance costs:		
Interest on convertible loans	289	131
	289	131

11. Taxation

Analysis of tax expense

No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2024 or for the year ended 31 December 2023.

Factors affecting the tax expense

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	31 Dec 2024 US '000	31 Dec 2023 US '000
Loss on ordinary activities before tax	(6,131)	(3,479)
Tax using the Group's domestic tax rates	(1,533)	(817)
Effects of:		
Deferred tax adjustment - remeasurement of current year losses at future tax rate	-	(52)
Unutilised tax losses carried forward	1,533	869
Total taxation credit	-	-

The main rate of UK corporation tax for the year ended 31 December 2024 was 25%. On 1 April 2023, the main rate of UK corporation tax increased from 19% to 25%, resulting in an effective tax rate of 23.5% for the year ended 31 December 2023.

No provision has been made for the 2024 deferred taxation as no taxable income has been received to date, and the probability of future taxable income is indicative of current market conditions which remain uncertain.

At the Statement of Financial Position date, the Directors estimate that the Group has unused tax losses of US 9,763,000 (2023: US 7,096,000).

Losses may be carried forward indefinitely in accordance with the applicable taxation regulations.

12. Basic and diluted loss per share

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

	31 Dec	31 Dec

	2024	2023
Loss used in calculating basic and diluted loss per share (US)	(6,042,000)	(3,479,000)
Weighted average number of shares	45,851,697	8,895,498
Basic and diluted loss per share (US)	(0.13)	(0.39)

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

The weighted average number of shares for both periods presented has been adjusted for the effect of the 3200:1 share subdivision and subsequent 1:520 share consolidation.

13. Intangible assets

	Patent US '000	Trademark US '000	Total US '000
Cost			
At 1 January 2023	154	-	154
Additions	149	31	180
At 31 December 2023	303	31	334
Amortisation			
At 1 January 2023	7	-	7
Charge for the period	6	-	6
At 31 December 2023	13	-	13
Net book amount			
At 31 December 2023	290	31	321
Cost			
At 1 January 2024	303	31	334
Additions	197	4	201
At 31 December 2024	500	35	535
Amortisation			
At 1 January 2024	13	-	13
Charge for the period	24	-	24
At 31 December 2024	37	-	37
Net book amount			
At 31 December 2024	463	35	498

14. Property, plant and equipment

	Computer Equipment US '000	Plant & equipment US '000	Total US '000
Cost			
At 1 January 2023	-	9	9
Additions	-	-	-
At 31 December 2023	-	9	9
Depreciation			
At 1 January 2023	-	1	1
Charge for the period	-	-	-
At 31 December 2023	-	1	1
Net book amount			
At 31 December 2023	-	8	8
Cost			
At 1 January 2024	-	9	9
Additions	23	181	204
At 31 December 2024	23	190	213

Depreciation			
At 1 January 2024	-	1	1
Charge for the period	2	10	12
At 31 December 2024	2	11	13
Net book amount			
At 31 December 2024	21	179	200

15. Inventory

	2024	2023
	US '000	US '000
Raw materials	226	279
Finished goods and goods for resale	488	289
	714	568

Notes to the consolidated financial statements (continued)

16. Trade and other receivables

	2024	2023
	US '000	US '000
Trade receivables	492	224
Other receivables	245	307
Prepayments	135	728
	872	1,259

Trade receivables are amounts due from customers for goods sold in the ordinary course of business. They are generally due for settlement immediately or within 30 days for certain credit customers and therefore are all classified as current. Trade receivables are non-interest bearing. The carrying amount of trade and other receivables approximates fair value.

Prepayments as of December 31, 2023 include US 690,000 of deferred costs in relation to the IPO of the Company on AIM, which completed 1 February 2024.

Analysis of trade receivables based on age of invoices:

	< 30 days past due	31 - 60 days past due	61 -90 days past due	> 90 days past due	Total gross	ECL	Total net
	US '000	US '000	US '000	US '000	US '000	US '000	US '000
31 December 2024	220	89	37	178	524	(22)	502
31 December 2023	145	10	44	33	232	(8)	224

The Group applies the IFRS 9 simplified approach to measuring expected credit losses (ECL) which uses a lifetime expected loss allowance for all trade receivables. The ECL balance has been determined as US 8,000 (2022: US 11,000) based on historical data available to management in addition to forward looking information utilising management knowledge. The ECL is based on 90% of trade receivables over 60 days past due being recoverable and therefore an ECL of 10% of trade receivables has been recognised. Based on the analyses performed there is no material impact on the transition to ECL from previous methods of estimating the provision for doubtful accounts.

17. Cash and cash equivalents

	2024	2023
	US '000	US '000
Cash at bank	261	117
	261	117

18. Trade and other payables

	31 Dec 2024 US '000	31 Dec 2023 US '000
Amounts falling due in one year:		
Trade payables	1,196	974
Other payables	47	667
Accruals	105	104
	1,348	1,745

Other payables include amounts owed to related parties (see note 25).

19. Borrowings

	31 Dec 2024 US '000	31 Dec 2023 US '000
Current		
Convertible loan notes	2,746	2,524
	2,746	2,524

On 1 June 2022, the Group issued convertible loan notes ("CLNs") with a principal amount of US 2,000,000 of which US 2,000,000 was drawn and outstanding at 31 December 2024 (2023: US 2,000,000). The Group issued further CLNs on 1 March 2023 and 1 October 2023, with principal amounts of US 2,000,000 each, of which US 267,000 (2023: US 909,000) and US Nil (2023: US Nil) were drawn down at 31 December 2024, respectively.

The CLNs incur interest of 10% per annum and are repayable four years after commencement or can be converted into ordinary shares of MicroSalt Inc. upon certain conversion events at the option of the noteholder. During the year ended 31 December 2024, US Nil (2023: US 500,000) was converted into ordinary shares of MicroSalt Inc.

20. Share capital

	31 Dec 2024 Shares	31 Dec 2024 US	31 Dec 2023 Shares	31 Dec 2023 US
Allotted, called up and fully paid				
Opening number of £0.01 ordinary shares for 2023 and £0.001625 ordinary shares for 2024	35,245,729	72,926	1,892	26
Subdivision into £0.000003125 ordinary shares		-	6,052,508	-
Issue of ordinary share		-	1	-
Consolidation of shares into £0.001625 ordinary shares		-	(6,042,758)	-
Issue of ordinary shares	12,971,405	25,671	35,234,086	72,900
Closing number of £0.001625 ordinary shares	48,217,134	98,597	35,245,729	72,926

All issues are for cash unless otherwise stated.

On 15 June 2023, the Company performed a share subdivision to issue 3,200 new ordinary shares for every existing 1 share. Subsequently, on 30 September 2023, the Company performed a share consolidation to issue 1 share for every existing 520 shares.

	31 Dec 2024 US '000	31 Dec 2023 US '000
Share premium		
Opening balance	-	1,121
Issue of shares	7,023	2,452
Cancellation of share premium	-	(3,573)
Cost of share issue	(840)	-
Closing balance	6,097	-

On 1 February 2024, the company issued 7,871,423 shares at £0.43 per new share; also on July 01, 2024, the company issued 4,799,981warrants at £0.473 per new share. The cost associated to the IPO process included legal, financial and advisory services for about USD820,000.

On 1 February 2024, the Company completed its IPO on the AIM Market of London Stock Exchange plc raising approximately £3.1m (US 3.9m)

On 29 June 2023, the Company cancelled the share premium account of the Company, and the amount of the share premium account was transferred to distributable reserves. The Cancellation of Reserve was carried out by way of the solvency statement procedure under section 641(1)(a) of the Companies Act.

Notes to the consolidated financial statements (continued)

21. Share-based payments

The Group operates an equity settled share-based remuneration scheme for employees. Options are granted for nil consideration and carry no dividend or voting rights. The terms and conditions of the grants are detailed below:

Date of grant	No. of options ('000)	Exercise price	Vesting conditions	Expected life of options	Share price at grant date	Expected option life	Risk free interest rate
1 January 2022	56,000	US 0.2500	Time-based[1]	3 years	US 1.00	1 year	0.87%
24 February 2022	1,000,000	US 0.2500	Time-based[2]	4 years	US 1.00	3 years	1.06%
1 August 2022	400,000	US 0.3225	Time-based[3]	3 years	US 1.29	3 years	2.87%
27 October 2022	804,800	US 0.3225	Exit event[5]	3 years	US 1.29	3 years	3.45%
18 November 2022	1,600,000	US 0.5450	Time-based[2]	5 years	US 2.18	3 years	3.26%
30 April 2024	351,000	US 0.8804	Time-based[3]	3 years	US 0.88	3 years	4.36%

[1]100% of the share options vest in one annual instalment 12 months after the grant date.

[2]2.78% of the share options vest in equal monthly instalments over 36 months from the grant date.

[3]33.33% of the share options vest 12 months after the grant date, 33.33% of the share options vest 24 months after the grant date and the remaining 33.33% of share options vest 36 months after the grant date.

[4]50% of the share options vest six months after the grant date and 50% of the share options vest 12 months after the grant date.

[5]These options vest on an exit event, such as a sale, takeover or IPO.

The number of options and exercise price for the Options granted before 2023 have been adjusted for the effect of a 3200:1 share subdivision and subsequent 1:520 share consolidation which occurred in 2023.

All options granted have an expected volatility of 80%.

On 30 September 2023, all of the options held with MicroSalt Inc. were cancelled and reissued with the Company on the same terms as the existing agreements. As such, the fair value of the options did not increase as a result of the modification and therefore no adjustment was made to share-based payment expense in 2023.

Details of the number of share options granted, exercised, lapsed and outstanding at the end of each period as well as the weighted average exercise prices in US ("WAEP") are as follows:

	2024 No.	2024 WAEP	2023 No.	2023 WAEP
Outstanding at the beginning of the year	6,710,684	0.37	6,710,684	0.37
Granted during the year	351,000	0.88	-	-
Outstanding at the end of the year	7,061,684	0.39	6,710,684	0.37
Exercisable at the end of the year	6,031,897	0.37	4,569,024	0.37

The number of share options and WAEP have been adjusted for the period 2023 for the effect of the 3200:1 share subdivision and subsequent 1:520 share consolidation.

Notes to the consolidated financial statements (continued)

22. Financial instruments

The Group's financial instruments comprise cash and cash equivalents, trade and other receivables, trade and other payables, accruals, and convertible loan note liabilities, that arise directly from its operations.

Financial assets

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	31 Dec 2024 US '000	31 Dec 2023 US '000
Trade receivables	502	224
Other receivables	246	307
Cash at bank	261	117
	1,009	648

Financial liabilities

	31 Dec 2024 US '000	31 Dec 2023 US '000
Trade payables	1,196	974
Other payables	47	667
Accruals	115	104
Convertible loan note liabilities	2,746	2,524
	4,104	4,269

The carrying values of the Group's financial liabilities measured at amortised cost represents a reasonable approximation of their fair values.

Financial risk management

The Group is exposed through its operation to the following financial risks: credit risk, interest rate risk, foreign exchange risk and liquidity risk. Risk management is carried out by the Directors. The Group uses financial instruments to provide flexibility regarding its working capital requirements and to enable it to manage specific financial risks to which it is exposed.

The Group finances its operations through a mixture of debt finance, cash and liquid resources and various items such as trade debtors and trade payables which arise directly from the Group's operations.

a) Foreign exchange risk

The Group operates internationally and is exposed to currency risk arising on cash and cash equivalents, receivables and payables denominated in a currency other than the respective functional currencies of the Group entities, which are primarily US Dollars and Sterling. The Group's manages foreign currency risk by, where possible, settling liabilities denominated in a currency other than its functional currency with cash already denominated in that currency.

Notes to the consolidated financial statements (continued)

22. Financial instruments (continued)

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	31 Dec 2024 US '000	31 Dec 2023 US '000
Net foreign currency liabilities		
GBP	153	208

Sensitivity analysis

A 10% strengthening of sterling against the Group's primary currencies at 31 December 2024 would have decreased equity and profit or loss by the amounts shown below:

	31 Dec 2024 US '000	31 Dec 2023 US '000
Effect on equity	15	21
Effect on profit or loss	15	21

A 10% weakening of sterling against the Group's primary currencies at 31 December 2024 would have an equal but opposite effect on the amounts shown above.

b) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows associated with the instrument will fluctuate due to changes in market interest rates. The Group's only interest-bearing borrowings are at a fixed interest rate of 10%, therefore interest rate risk exposure for the Group is minimal.

It is the Group's policy to settle payables within the credit terms allowed and the Group does therefore not incur interest on overdue balances.

c) Credit risk

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. In order to minimise the risk, the Group endeavours only to deal with companies which are demonstrably creditworthy and this, together with the aggregate financial exposure, is continuously monitored. The maximum exposure to credit risk is the carrying value of its financial receivables, trade and other receivables and cash and cash equivalents as disclosed in the note above.

The receivables age analysis is evaluated on a regular basis for potential doubtful debts, considering historic, current and forward-looking information. The Group applies the IFRS 9 simplified approach to measuring expected credit losses (ECL) which uses a lifetime expected loss allowance for all trade receivables The ECL is based on 90% of trade receivables over 60 days past due being recoverable. Further disclosures regarding trade and other receivables are provided within note 16.

Credit risk also arises on cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with minimum rating "B+" are accepted. Currently the financial institution whereby the Group holds significant levels of cash is JP Morgan Chase Bank, N.A. which is rated AA-.

d) Liquidity risk

The Group seeks to maintain sufficient cash balances. Management review cash flow forecasts on a regular basis to determine whether the Group has sufficient cash reserves to meet future working capital requirements and to take advantage of business opportunities.

A maturity analysis of the Group's total liabilities is shown below:

	Group	
	31 Dec 2024	31 Dec 2023
	US '000	US '000
Within 1 year:		
Trade and other payables	1,244	1,641
Accruals	115	104
Later than 1 year and less than 5 years	1,359	1,745
Convertible loan note liabilities	2,746	2,524
After 5 years	2,746	2,524
Total including interest cash flows	4,105	4,269
Less: interest cash flows	(289)	(131)
Total principal cash flows	3,816	4,138

The convertible loan notes issued by Tekcapital Group and its interests are repayable US 2,189,000 in 2027 and US 557,000 in 2028.

23. Related party disclosures

Key management personnel remuneration is disclosed in note 9 above.

		Transaction amount		*Balance owed*	
Related party relationship	*Type of transaction*	2024 US '000	2023 US '000	2024 US '000	2023 US '000
Tekcapital plc	Convertible loan notes issued	(67)	2,723	2,746	2,524
Tekcapital Europe Ltd	Related party loan	(642)	590	-	642

Notes to the consolidated financial statements (continued)

24. Changes in liabilities from financing activities

	At 1 January 2023 US '000	Financing cash flows US '000	Interest US '000	Non-cash changes US '000	At 31 December 2023 US '000
Convertible loan notes	170	2,723	131	(500)	2,524
Total liabilities from financing activities	170	2,723	131	(500)	2,524

	At 1 January 2024 US '000	Financing cash flows US '000	Interest US '000	Non-cash changes US '000	At 31 December 2024 US '000
Convertible loan notes	2,524	267	289	(334)	2,746
Total liabilities from financing activities	2,524	267	289	(334)	2,746

The non-cash change in 2024 relates a balance due to the ultimate controlling party that was settled by issue of convertible loan note. The non-cash change in 2023 relates to the capital contributions from the ultimate controlling party.

25. Events after the reporting date

On 1 February 2025, the Company completed its second raise on the AIM Market of the London Stock Exchange, raising approximately £2.4m (US 3.1m).

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