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Defence Holdings PLC

(â€œDefence Holdingsâ€ or the â€œCompanyâ€)

Operational Update: Continued Delivery Momentum and Strengthened Position Across Allied Defence Programmes and Unaudited Interim Results to 30 September 2025

Defence Holdings PLC (LSE: ALRT), the UK-listed defence technology group, today provides an operational update outlining continued progress across its sovereign-AI product suite, expanding engagement with allied defence stakeholders, and strengthened organisational readiness as the Company enters its next phase of delivery and commercialisation.

The Company also announces its unaudited interim financial results for the six-month period ended 30 September 2025, which include the previously reported audited results for the eighteen-month period ended 31 March 2025.

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Highlights

- ÂÂÂ Project Ixian has advanced into a pre-contract pathway with its first customer
- ÂÂÂ The Company has progressed to the advanced stages of a Chief Executive Officer appointment process and expects to provide a further update in Q1 2026.
- ÂÂÂ Deepened delivery integration with major technology partners and allied programmes.
- ÂÂÂ Strong cash position maintained through disciplined, delivery-aligned capital strategy.
- ÂÂÂ Delivery momentum is accelerating, underpinned by increasing maturity in development activity and growing stakeholder engagement.
- ÂÂÂ Defence Holdings is about to enter a busy Q1, with planned updates across existing Defence Technologies products and the initiation of further strategic workstreams - with announcements expected in the very near term.

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Financial & Corporate Overview

During the reporting period, the Companyâ€™s financial position strengthened materially following the successful execution of its capital strategy and transition to a defence-focused operating model.

Total assets increased from Â£77,000 to Â£2.72 million, reflecting capital raised during the period and the establishment of the strategic partnership with Whitespace. Total liabilities reduced from Â£729,000 to Â£78,000, materially improving balance sheet resilience.

The Company raised Â£3.45 million in gross proceeds during the period, including Â£350,000 subscribed by certain members of the Board, demonstrating strong internal alignment and confidence in the Companyâ€™s strategy. Cash reserves increased from Â£69,000 to Â£2.21 million by period end.

In July 2025, Defence Holdings completed its transition to a defence-focused business, with the Companyâ€™s shares readmitted to trading on the Main Market of the London Stock Exchange. The Company also completed a cross-listing on the US OTC Market under ticker symbol ALRDF, expanding access to North American investors and supporting its ambition to scale sovereign-AI capabilities across allied markets.

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Programme & Delivery Update

Project Ixian: Transitioning Into Operational Integration

Defence Holdings is pleased to confirm that Project Ixian has entered the process required ahead of formalising commercial activity and is now in the final stages of contract finalisation with its first customer. This progress reflects the maturity of the capability and its strong alignment with current operational priorities.

Project Ixian has progressed from development into contract finalisation at a pace not typically seen within traditional UK defence development and procurement processes, aligning closely with the accelerated delivery objectives set out in the Strategic Defence Review. This traction provides early validation of the delivery model required to deliver that capability.

The product has progressed through a further iteration of technical development, delivering additional refinement and increased maturity, informed by ongoing operational engagement.

The confidentiality and procurement controls governing programmes of this nature temporarily limit the level of detail that can be disclosed. These restrictions are expected to lift in the near term, following which the Company intends to provide a further formal update.

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Partnerships & Ecosystem Integration

During the period, the Company formalised a strategic partnership with Whitespace, a UK-based AI infrastructure specialist serving defence and national-security customers. Operating jointly through the Defence Technologies platform, the partnership establishes a sovereign-ready delivery framework combining infrastructure capability, domain expertise and execution capacity, creating a platform for the accelerated development and deployment of sovereign-AI systems aligned to UK and allied operational requirements.

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Since formation, the collaboration has progressed into active delivery. Multiple co-development workstreams have commenced across

intelligence fusion, autonomous decision-support, multi-domain situational awareness, cyber resilience and information-domain operations. Initial builds for UK Ministry of Defence stakeholders began during the period, marking a clear transition from partnership establishment into execution. As part of this progress, the Company committed £1.0 million to AI co-development programmes under the partnership, with £0.5 million paid prior to the interim reporting date and the remaining £0.5 million settled shortly after period end.

Alongside this, Defence Holdings continues to deepen its collaboration with major global hyperscale partners, reflecting the Company's strategy to build sovereign-AI capability on top of trusted defence-grade cloud and compute platforms. These partnerships provide the secure infrastructure, interoperability pathways and global reach required for deployment across UK and allied mission environments. Technical workstreams have expanded across multiple hyperscaler environments, covering secure model deployment, edge inference architectures and integration into classified and air-gapped operational zones. This ecosystem approach ensures Defence Holdings' sovereign products can be delivered at scale, with the resilience, performance and compliance expected across defence programmes.

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Organisational & Strategic Update

Leadership: Securing the Capability Required for 2026 Commercial Delivery

Defence Holdings is in the final stages of selecting a Chief Executive Officer to lead the Company through its next phase of scale and delivery. The Company has interviewed a shortlist of candidates with distinguished backgrounds in global defence and defence-technology leadership, including major government programmes and mission-critical software delivery. An appointment update is expected in January 2026.

This represents an important step in strengthening dedicated executive leadership across programme delivery, customer engagement and long-term value creation.

During and following the reporting period, the Company strengthened its governance and leadership base through key appointments. Field Marshal Lord Houghton of Richmond was appointed Non-Executive Chairman, bringing extensive military leadership experience, defence-policy insight and senior strategic oversight. Andrew McCartney was appointed Chief Technology Officer, contributing deep expertise in AI infrastructure and sovereign system delivery. James Norwood, our Vice Chair, was appointed to the NATO NIAG Coalition of the Willing, further strengthening the Company's engagement across NATO-aligned industrial and capability development forums.

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Financial Position and Capital Strategy

The Company maintains a strong cash position, supported by disciplined cost management and targeted capital deployment into validated delivery programmes. This ensures growth remains driven by operational demand rather than speculative expansion.

Selective use of the Company's At-The-Market (ATM) equity facility has further supported the balance sheet, enabling continued delivery progress while protecting long-term shareholder value.

The ATM facility, arranged with Fortified Securities following the period end, provides the Company with flexibility to raise capital efficiently in alignment with operational milestones, without the pricing pressure associated with traditional equity placings. As at 18 December 2025, total gross proceeds of £620,317.49 had been raised via the facility in line with parameters previously communicated to shareholders.

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Summary

Defence Holdings' execution continues to gather momentum, supported by increasing engagement from the organisations shaping the United Kingdom's and allies' digital defence architectures.

With two sovereign-AI programmes progressing toward deployment, deepening integration with global technology partners, a strengthened balance sheet, and senior leadership capacity being reinforced, the Company remains well positioned to convert capability into sustained operational and commercial value across mission-critical defence programmes.

Responsibility Statement

The following statement is given by each of the Directors.

We confirm that, to the best of our knowledge:

Â The interim report has been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*, as contained in UK-adopted IFRS;

Â The interim report gives a true and fair view of the assets, liabilities, financial position and loss of the Company;

Â The interim report includes a fair review of the information required by DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first fifteen months of the financial period and their impact on the set of interim financial statements, together with a description of the principal risks and uncertainties for the remaining three months of the eighteen-month period; and

Â The interim report includes a fair review of the information required by DTR 4.2.8R of the Disclosure and Transparency Rules, being the information required on related party transactions.

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The interim report was approved by the Board of Directors, and the above responsibility statement was signed on its behalf by:

Nick Houghton

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Caution regarding forward looking statements

Certain statements in this announcement, are, or may be deemed to be, forward looking statements.Â Forward looking statements are identified by their use of terms and phrases such as "believe", "could", "should" "envisage", "estimate", "intend", "may", "plan", "potentially", "expect", "will" or the negative of those, variations or comparable expressions, including references to assumptions.Â These forward-looking statements are not based on historical facts but rather on the Directors' current expectations and assumptions regarding the Company's future growth, results of operations, performance, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, business prospects and opportunities.Â Such forward looking statements reflect the Directors' current beliefs and assumptions and are based on information currently available to the Directors.

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Such statements are based on current expectations and assumptions and are subject to a number of risks and uncertainties that could cause actual events or results to differ materially from any expected future events or results expressed or implied in these forward-looking statements.Â Persons receiving and reading this announcement should not place undue reliance on forward-looking statements.Â Unless otherwise required by applicable law, regulation or accounting standard, the Company does not undertake to update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise.

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CONDENSED STATEMENT OF FINANCIAL POSITION

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The unaudited condensed statement of financial position of the Company as at 30 September 2025 is set out below.

		Unaudited period As at 30-Sep-2025	Audited 18 months As at 31-Mar-2025
Â	NOTE	Â£â€™000	Â£â€™000
Â	Â	Â	Â
ASSETS	Â	Â	Â
Â	Â	Â	Â
Current assets	Â	Â	Â
Cash and cash equivalents	Â	Â 2,213	Â 69
Trade and other receivables	4	Â 503	Â 8
Total current assets	Â	Â 2,716	Â 77
Total assets	Â	2,716	77
Â	Â	Â	Â
EQUITY AND LIABILITIES	Â	Â	Â
Equity	Â	Â	Â
Share capital	7	Â 2,009	Â 805
Share premium	7	Â 26,407	Â 23,673
Share-based payment reserve	6	3,711	851
Retained earnings	Â	Â (29,488)	Â (25,981)
Total equity	Â	Â 2,638	Â (652)
Â	Â	Â	Â
Current liabilities	Â	Â	Â
Trade and other payables	5	Â 38	Â 464
Directorâ€™s Loan	Â	Â 30	Â 30
PAYE Payable	Â	Â 10	Â -
Corporation tax payable	Â	-	235
Total current liabilities	Â	Â 78	Â 729
Total liabilities	Â	78	729
Total equity and liabilities	Â	2,716	77

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CONDENSED STATEMENT OF COMPREHENSIVE INCOME

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The unaudited condensed statement of comprehensive income of the Company for the six months ended 30 September 2025 is set out below.

		Unaudited period ended		Audited 18 months ended
Â	NOTE	30-Sep-2025 Â (Â£'000)	Â	31-Mar-2025 Â (Â£'000)
Continuing Operations	Â	Â	Â	Â

Revenue	2	-	4,334	
Cost of sales		-	(1,202)	
Gross profit			3,132	
Administrative expenses		(3,743)	(5,191)	
Depreciation & amortization		-	(871)	
Operating loss		(3,743)	(2,967)	
Finance cost		-	(242)	
Gain on sale of assets-net		-	2,106	
Realised currency gain		-	4	
Loss before taxation		(3,743)	(1,042)	
Taxation		235	(235)	
Loss after taxation		(3,508)	(1,277)	
Other Comprehensive income		-	-	
Total comprehensive loss for the period attributable to shareholders from continuing operations		(3,508)	(1,277)	
Basic and diluted earnings per share (pence)	3	(0.17)	(0.17)	

CONDENSED STATEMENT OF CHANGES IN EQUITY

The unaudited condensed statement of changes in equity of the Company for the six months ended 30 September 2025 is set out below

	Share capital	Share premium account	Share-based payment reserve	Retained earnings	Total
	£a€™000	£a€™000	£a€™000	£a€™000	£a€™000
Balance at 30 September 2023	622	23,061	838	(24,752)	(231)
Loss for the period	-	-	-	(1,277)	(1,277)
Total comprehensive loss for the year	-	-	-	(1,277)	(1,277)
Shares issued during year	183	647	-	-	830
Share-based payments	-	-	237	-	237
Exercised and lapsed warrants	-	-	(224)	48	(176)
Share issue costs in year	-	(35)	-	-	(35)

Total transactions with equity owners	183	612	13	48	856
Balance at 31 March 2025	805	23,673	851	(25,980)	(652)
Loss for the period	-	-	-	(3,508)	(3,508)
Total comprehensive loss for the period	-	-	-	(3,508)	(3,508)
Shares issued	1,204	3,073	-	-	4,277
Share-based payments	-	-	3,184	-	3,184
Exercised and lapsed warrants	-	-	(324)	-	(324)
Share issue cost	-	(339)	-	-	(339)
Transactions with equity owners	1,204	2,734	2,860	-	6,798
Balance at 30 September 2025	2,009	26,407	3,711	(29,488)	2,638

CONDENSED STATEMENT OF CASH FLOWS

The unaudited condensed statement of cash flows of the Company for the six months ended 30 September 2025 is set out below.

		Unaudited period ended 30-Sep 2025	Audited 18 months ended 31-Mar 2025
	£'000	£'000	£'000
Cash flows from operating activities			
Cash used by operations	(1,124)	(511)	
Net cash flow used in operating activities	(1,124)	(511)	
Cash flows from investing activities			
Purchase of property, plant and equipment	-	(47)	
Net cash used in investing activities	-	(47)	
Cash flows from financing activities			
Proceeds from issues of shares	3,343	795	
Payment of provisions	-	(346)	
Payment of lease liabilities		(281)	
Payment of share issue cost	(75)	-	
Change in retained earnings	-	-	
Net cash generated from financing activities	3,268	168	
Net increase (decrease) in cash and cash equivalents	2,144	(390)	
Cash and cash equivalents at beginning of period	69	459	
Cash and cash equivalents at end of period	2,213	69	

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2025

Accounting policies

IAS 8 requires that management shall use its judgement in developing and applying accounting policies that result in information which is relevant to the

economic decision-making needs of users, that are reliable, free from bias, prudent, complete and represent faithfully the financial position, financial performance and cash flows of the entity.

1.1AAAAAAAAAAAAAAAAAAAA Basis of preparation

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The condensed interim financial statements ("interim financial statements") have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" (IAS 34) as adopted by the European Union (EU). The interim financial statements have been prepared on the historical cost basis, except for assets and liabilities measured at fair value through profit and loss, and are presented in pounds sterling, which is the currency of the primary economic environment in which the Company operates. All amounts have been rounded to the nearest Â£â€™000, unless otherwise stated. The financial information contained in the interim financial statements is unaudited and does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. The accounting policies are unchanged from those disclosed in the previously filed audited financial statements for the period ended 30 September 2023.

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These interim financial statements cover the six-month period following Defence Holdings PLCâ€™s previous audited financial year end of 31 March 2025.

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The nature and effect of these changes as a result of the adoption of these amended standards did not have an impact on the financial statements of the Company and hence have not been disclosed. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

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The condensed interim financial statements have not been audited, nor have they been reviewed by the Company's auditors in accordance with the International Standard on Review Engagements 2410 issued by the Auditing Practices Board. The figures have been prepared using applicable accounting policies and practices consistent with those adopted in the audited annual financial statements for the year ended 31 March 2025.

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1.2AAAAAAAAAAAAAAAAAAAA Going concern

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The preparation of financial statements requires an assessment on the validity of the going concern assumption. The interim financial statements have been prepared on a going concern basis, which assumes that the Company will continue to meet its liabilities as they fall due. The Company has successfully raised Â£3.45 million, with net proceeds received, materially strengthening its liquidity position. Management has assessed that the funds raised, together with the At-The-Market facility established after the Interim period, provide sufficient resources to meet the Companyâ€™s working capital requirements for the foreseeable future. On this basis, the Directors consider the adoption of the going concern basis to be appropriate and do not believe that any material uncertainty exists regarding the Companyâ€™s ability to continue as a going concern for the interim period.

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1.3AAAAAAAAAAAAAAAAAAAA Critical accounting judgements and key sources of estimation uncertainty

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The preparation of the financial statements requires management to make estimates and judgements and form assumptions that affects the reported amounts of the assets, liabilities, revenue and costs during the periods presented therein, and the disclosure of contingent liabilities at the date of the financial information. Estimates and judgements are continually evaluated and based on management's historical experience and other factors, including future expectations and events that are believed to be reasonable.

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During the period, the Company issued warrants. The directors have applied the Black-Scholes pricing model to assess the costs associated with the share-based payments. The Black-Scholes model is dependent upon several inputs where the directors must exercise their judgement, specifically: risk-free investment rate; expected share price volatility at the time of the grant; and expected level of redemption. The assumptions applied by the directors, and the associated costs recognised in the financial statements are outlined in these financial statements.

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2AAAAAAAAAAAAAAAAAAAA Revenue

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As the Company is currently in the development phase of its defence technology platform, it does not yet generate revenue. All activities during the period were focused on research, development and preparation for future commercialisation.

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	Unaudited Â period ended 30 Sep 2025	Audited 18 Months ended 31 Mar 2025
Â	Â£â€™000	Â£â€™000
Sponsorship revenue	Â -	Â 2,217
Events	-	199
Studios revenue	-Â	1,454Â
Prize money	Â -	Â 277
Other revenue	Â -	Â 187
Total revenue	-	4,334

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3AAAAAAAAAAAAAAAAAAAA Earnings per share

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The basic earnings per share is calculated by dividing the profit/(loss) attributable to equity shareholders by the weighted average number of shares in issue.

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	Unaudited At 30 Sep 2025	Audited At 31 Mar 2025
Loss for the year from continuing operations (Â£â€™000)	(3,508)	(1,277)
Weighted average number of ordinary shares in issue	2,008,866,131	764,005,927
Basic and diluted earnings per share for continuing operations (pence)	(0.17)	(0.17)

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There is no difference between the diluted loss per share and the basic loss per share presented due to the loss position of the Company. Share options and warrants could potentially dilute basic earnings per share in the future, but were not included in the calculation of diluted earnings per share as they are anti-

dilutive for the year presented.

4 Trade and other receivables

	Unaudited period ended 30 Sep 2025	Audited 18 months ended 31 Mar 2025
	£'000	£'000
Prepayments and WhiteSpace	503	8
Total trade & other receivables	503	8

The directors consider that the carrying amount of prepayments is approximately equal to their fair value

5 Trade and other payables

	Unaudited Period ended 30 Sep 2025	Audited 18 months ended 31 Mar 2025
	£'000	£'000
Trade payables	105	68
Accruals	-	302
VAT Payable	(67)	94
Total trade and other payables	38	464

The directors consider that the carrying value of trade and VAT payables is approximately equal to their fair value.

6 Share-based payments

The following warrants over ordinary shares have been granted by the Company and are outstanding at 30 September 2025:

Grant date	Expiry period	Exercise price	Outstanding at 30 Sep 2025	Exercisable at 30 Sep 2025
01-Nov-22	5 years from agreement	£0.014	13,250,000	13,250,000
20-Jun-23	5 years from agreement	£0.0067	45,350,000	45,350,000
22-Dec-23	5 years from agreement	£0.005	20,000,000	20,000,000
24-Jan-24	5 years from agreement	£0.0048	6,350,000	6,350,000
20-Sep-23	5 years from agreement	£0.006	2,000,000	2,000,000
07-Feb-25	5 years from agreement	£0.00325	11,679,135	11,679,135
28-Jul-25	5 years from agreement	£0	61,538,462	61,538,462
28-Jul-25	5 years from agreement	£0.00325	7,058,738	7,058,738
27-Aug-25	5 years from agreement	£0.00325	38,930,448	38,930,448
02-Sep-25	5 years from agreement	£0.00325	10,000,000	10,000,000
04-Sep-25	5 years from agreement	£0.00325	48,663,062	48,663,062
Total			764,819,845	764,819,845

Balance as at 31 March 2025	£851
Additional Warrants issued in the previous period	£22
Warrants issued in the period	£3,162
Warrants exercised in the period	-£324
Warrants lapsed/expired during the period	-
Balance as at 30 September 2025	£3,711

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 At the grant date, the fair value of the warrants issued have been determined using the Black-Scholes option pricing model. Volatility was calculated based on data from comparable esports companies, with an appropriate discount applied due to being an unlisted entity at the grant date, if applicable. Risk-free interest has been based on UK Government Gilt rates.

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7AAAAAAAAAAAAAAAAAAAAAAAAAAAAAA Â **Share capital and share premium**

	Shares	Share	Share	Â
	No.	Capital	Premium	Total
		Â£â€™000	Â£â€™000	Â£â€™000
At 31 March 2025	804,984,029	805	23,673	24,478
Issue of shares for fundraising	1,061,538,462	1,062	2,388	3,450
Issue of shares for share issue costs	80,000,000	80	180	260
Issue of shares for Warrants exercised	62,343,630	62	166	228
At 30 September 2025	2,008,866,131	2,009	26,407	28,416

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 1,203,882,092 shares were issued in the period from the Company's last audited report from 31 March 2025 to 30 September 2025.

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8AAAAAAAAAAAAAAAAAAAAAAAAAAAAAA Â **Events after the Reporting Period**

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 Subsequent to the reporting period ended 30 September 2025, the following non-adjusting events occurred:

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 The Company issued 272,999,279 new Ordinary Shares following exercises of warrants, increasing the total issued share capital to 2,426,792,946 Ordinary Shares. Following these exercises, warrants outstanding at the date of the report amounted to 491,820,566.

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 The Companyâ€™s shares were also approved for quotation on the US OTC Market under the ticker ALRDF, with no new shares issued in connection with the cross-listing.

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 The Company established and began to utilise an At-The-Market equity issuance facility, raising gross proceeds of Â£620,317.49 to support working capital requirements.

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 In addition, on 30 October 2025, the Company made a further payment of Â£500,000 under the existing agreement with Whitespace.