

Calnex Solutions plc Annual Report and Accounts

for the year ended 31 March 2025



About Us

We are a leading provider of test and measurement solutions for the global telecoms and cloud computing markets.

Introduction

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

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

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



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Financial

Revenue (£'000)

18,386

Underlying EBITDA¹ (£'000)

1,151

Profit before tax (£'000)

720

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



For more information, please visit
www.calnexsol.com

Highlights

Revenue (£'000)

18,386

FY24: 16,274 13%

Underlying EBITDA¹ (£'000)

1,151

FY24: 80 1,339%

Basic EPS (pence)

0.38

FY24: 0.05 660%

Diluted EPS (pence)

0.36

FY24: 0.04 800%

Profit/(loss) before tax (£'000)

720

FY24: (384)

Closing cash

10,912

FY24: 11,868 (8)%

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

1 Refer to note 32 for explanation of the alternative performance measures calculations. A full reconciliation between Underlying EBITDA and profit before tax is also shown in the Financial Review on pages 18 to 23.

A return to growth, driven by execution of product expansion strategy.

Operational Highlights

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

Outlook

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

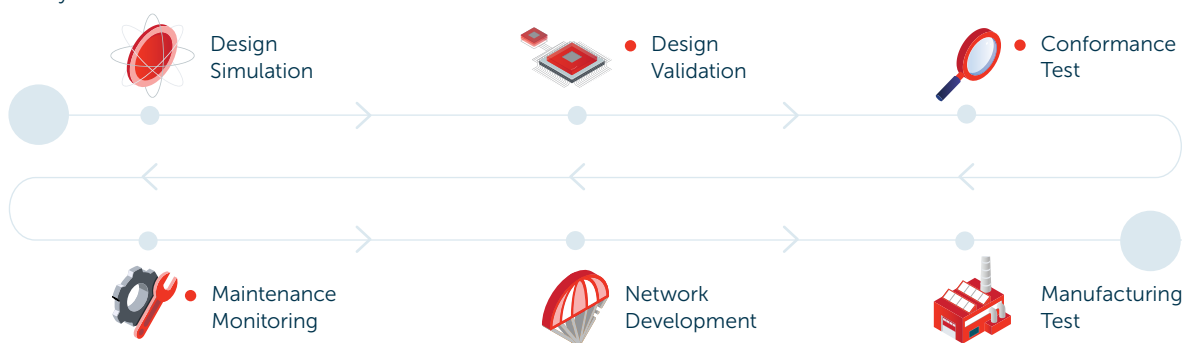


Market Overview

Calnex supplies its technology to several growing markets: the telecoms industry, the cloud computing industry, as well as the defence, government and satellite markets.

New product development cycle

● Key focus areas



Test and measurement market segmentation

Testing and measurement is typically carried out at each stage of the development cycle, and it is therefore crucial that this can be performed reliably to prove conformance to the standards required by market participants and regulators.

Calnex is focused on the *Design Validation, Conformance Test and Maintenance Test phases of the development life-cycle*, which are high value niches, due to their position at critical points in the development life-cycle. These stages require significant technical capability using high value-add test equipment and there are high barriers to entry for new participants.

Customers need to have confidence that test equipment is reliable and will enable them to carry out the necessary testing efficiently, as long testing phases delay the release of new products, which reduces new product revenue to equipment

vendors. Calnex has consistently delivered such products to its customers.

The competitive landscape varies between all Product families, but in all cases, Calnex looks to either be the market leader or a leading participant.

Telecoms

The global network infrastructure market has been predicted to grow by 2.1% compound annual growth rate (CAGR) from 2023-2028 according to a Frost & Sullivan report, despite the recent slowdown seen across the industry.¹

The telecoms industry is a highly competitive environment, requiring innovative products, technologies and services to support investment in new digital infrastructure. The evolution of network infrastructure and customer needs drive significant growth potential in the telecoms market, with the switch from 4G and 3G to 5G growing by 18.7% CAGR from 2024-2030, and

the roll out of the next generation of wireless technology, 6G, likely to begin in the 2029/2030 timeframe.²

The industry comprises equipment vendors, such as Nokia, Ericsson, Cisco and Huawei, which develop hardware and software systems for deployment by network operators, such as BT, China Mobile and AT&T, within their networks. Component manufacturers, such as Intel, Broadcom and Qualcomm, sell components and sub-assemblies to equipment vendors, which are then built into their products.

Global telecoms networks are extremely diverse and when changes are introduced it is vital that the new network conditions can be tested effectively both prior to and following technical deployment. The test and measurement sector is an integral part of developing, building and maintaining all telecom and data networks.

The global telecoms market is indirectly influential outside of the sector, as the technologies defined and developed for the global telecoms market are utilised by other sectors building and maintaining data networks. The use of this technology also creates opportunities for Calnex to perform the same type of testing for these networks in these other sectors. Increasingly, we are seeing equipment vendors that initially developed product for use in telecom applications now selling the same products into other data network applications where the same technology is implemented, and these new applications becoming the primary market opportunity for our customer's products.

Cloud computing

With the speed of advancement in Artificial Intelligence (AI) and the rapid build-out of data centres, reliable methods for verifying cloud network and application performance is more important than ever.

The expansion of the scale and numbers of data centres continues. Revenue in the Data Centre market is projected to reach US\$452.53bn in 2025, with Network Infrastructure dominating the market at a projected market volume of US\$253.21bn in 2025.³

The initial data centre opportunity for Calnex arose from their utilisation of very high-speed interfaces and the accompanying need to test and measure the time synchronisation to the servers within these data centres. Test instrumentation offered in our portfolio has been enhanced to track the specific needs of the increasingly demanding and complex cloud computing industry.

The build-out of these data centres remains a dynamic environment where new services delivered by data centres, such as network hosting, are anticipated to generate further requirements for test solutions that may produce additional opportunities for Calnex in the future.

Meanwhile, the performance of the network can also impact the performance of the application running on it, and therefore the user experience.

The need to verify the performance of cloud-based applications where the target users demand high quality user experience, such as gaming, in the presence of real-world network effects is another growing market for Calnex, which we are targeting via our NE-ONE Product Portfolio.

Defence & Satellite

More recently, the Group has been seeing opportunity in a new market for Calnex: the Defence sector. Ensuring reliable application performance and resilience is crucial in a military environment, and real-world replication of networks for testing and training purposes allows infrastructure and devices to be tested under a variety of conditions and scenarios before deployment. In light of increased military modernisation efforts and geopolitical tensions, investment into test equipment in the defence sector is expanding within an already substantial growth market. Global defence expenditures surpassed US\$2.4tn in 2023 according to the Stockholm International Peace Research Institute.⁴ Calnex has started investing within the business to target this growing end market, in preparation to accelerate investment in FY26 and move more into this space over the next few years.

What are telecommunications and network standards?

Standards and recommendations within the telecoms testing sector are published documents that establish mandatory or recommended specifications and procedures designed to ensure the interoperability of equipment, set the minimum performance of equipment and define the core needs of networks.

Standards are critically important as they act as the key driver for how networks will be developed, establishing the performance and testing requirements for infrastructure, equipment, application and service product development. Ensuring new equipment and services comply with new standards is vital to market participants and is a key driver of the test and measurement sector.

There are well-established bodies that have been developing standards for many years, (like the International Telecommunications Union, 'ITU-T'), and a number of more recent forums gaining market traction. These include O-RAN Alliance (Open Radio Access Network Alliance, <https://www.o-ran.org/>), promoting the increased participation in the development of equipment supporting mobile radio transmission in mobile networks, and the OCP (Open Compute Project, <https://www.opencompute.org/>), which has a mission to "apply the benefits of open source and open collaboration to hardware and rapidly increase the pace of innovations in, near and around data centres" (<https://www.opencompute.org/about>). The development of recommendations from these forums is increasing Calnex's addressable market, as more companies and more groups within established companies look to develop and promote equipment conforming to these recommendations.

Calnex, since inception, has developed and maintained a close involvement with standards bodies to ensure it has early insight as to industry developments to keep the Group's R&D programmes well informed.

Our differentiation

Calnex has a highly sophisticated and differentiated product offering and an advanced knowledge of future market requirements gained from its close relationships with end customers, market participants and international standards bodies, which together act as a significant barrier to entry to potential competitors.

Calnex's products are often differentiated by their high specifications and the complexity of the product platforms. The Group is highly focused on R&D, IP and product development to ensure its products remain at the forefront of their markets. By delivering the optimal solution at the right time, market leading products with high end functionality can achieve healthy margins.

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

2 Frost and Sullivan, '6G Network Infrastructure, Global, 2029-2034', Feb 2025.

3 [Data Center – Worldwide | Statista Market Forecast](#)

4 [2025 Aerospace and Defense Industry Outlook | Deloitte Insights](#)

Strategy Overview

Our three pillar growth strategy

Calnex has a three-pronged growth strategy to capitalise on the structural growth drivers in our target markets:

1

Continued product innovation to capitalise on build out of mobile network and growth of 5G

Follow the market demands for higher transmission rates and track new standards to strengthen our product offering.

Key developments in FY25

- Successful launch of Paragon neo-S in H2, our 800Gb/s synchronisation testing product, with orders to date demonstrating strong uptake across the telecoms and data centre markets.
- Technology identified which we believe will enable delivery of 1.6Tb/s synchronisation testing in the within calendar year 2027, with encouraging customer engagement to date.

2

Expansion within the cloud computing sector and other Ethernet market niches

Target growth applications where strong value can be gained from the deployment of Calnex's products.

Key developments in FY25

- Increased NAA business orders on the prior year, driven by success particularly in the US defence and enterprise sectors, but also cloud computing, satellite, and telecoms.
- Repeat order from a major hyperscaler that is investing in its data centre operations.

3

Target select acquisition and strategic partnership opportunities to add to product portfolio

Selective acquisition and strategic partnership activity, where complementary products or technologies can be acquired to enhance Calnex's existing portfolio in related or adjacent growth markets.

Key developments in FY25

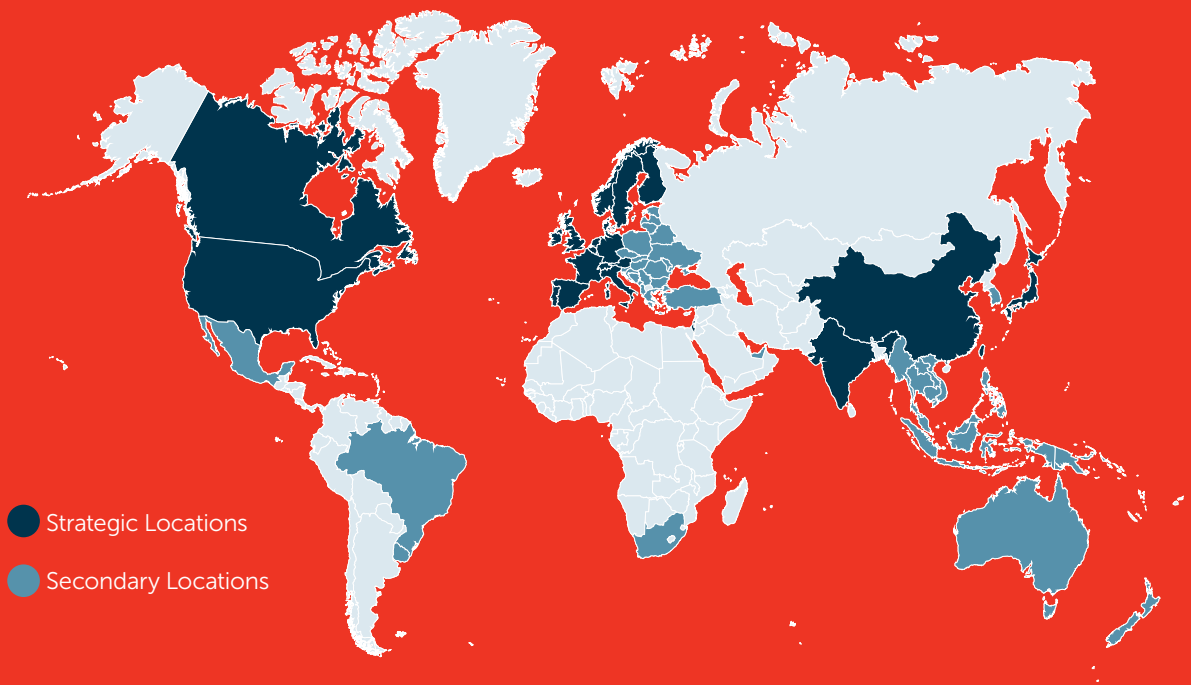
- Successfully onboarded new partners across North America, Europe, India, and Asia-Pacific, broadening the partner base and expanding sales coverage beyond what was previously achieved with Spirent.
- Expanded engagement with other blue-chip companies in the sector to explore opportunities for joint promotional activities to the mutual benefit of both parties.



See Strategic Report on pages 14 to 17.

Strategy in Action

Successful transition towards the multichannel partner approach



The implementation of the channel strategy continues to track well. Following the announcement that Calnex would be terminating its reseller agreement with Spirent Communications last year, the business has been successfully adapting to the new multi-partner channel with the necessary structural and operational changes within the business. Calnex has transitioned to new partners across the Americas, EMEA and APAC with 64 partners now active, the percentage of orders through Spirent reducing to 43% in FY25, down from 64% in FY24, with only 24% in the final quarter of FY25. The extension of the channel partner network provides increased sales reach in key markets, and the onboarding of new partners in the US and other regions is ongoing, with particular focus on the newer end markets of cloud computing, defence and satellite.

Our Products

Evolving product portfolio

Calnex provides sophisticated hardware and software test and measurement solutions to its customers across three main application ranges:

Lab Synchronisation

Calnex's Lab Synchronisation test capabilities are delivered by the Paragon product range, used to test the synchronisation equipment designed to comply with telecoms standards during the development phase.



Paragon-neo & Paragon neo-S

- First to very high accuracy for multiple rate from 100M-to-800G, measuring to sub-billionth of second accuracy.
- Launched in FY25, Paragon neo-S platform is positioned as the platform to support all future rates including 800G and greater.
- With customers already engaging with us on future 1.6Tb/s synchronisation testing requirements, we have identified technology which we believe will enable delivery of 1.6Tb/s synchronisation testing in the within calendar year 2027, underlining Calnex's position at the forefront of synchronisation testing innovation.



Paragon-X

- First to offer multi-rate to 10G, physical layer and packet timing, and implementation of full system end-to-end emulation for high accuracy time testing.



Sentry

- Designed to meet the testing needs of data centres deploying accurate time to all servers.
- Provides monitoring of accurate time to all the servers located within a data centre.
- High degree of leverage in technology between Sentinel & Sentry, each product structured and optimised to align with the specific form, fit and function needs of its target application.



SyncSense

- Monitoring of time quality across a distributed network, be it in a data centre, telecoms network or any form of network transferring precision timing.
- The system collates and display an image of the network, highlighting the nodes that appear to have problems. This provides network managers an indication of the quality of sync across a network in order to identify any issues associated with the distribution of high accuracy time.

Network Synchronisation

Calnex's Sentinel and Sentry product ranges provide the ability to test network synchronisation once equipment designed to comply with telecoms standards and technologies has been deployed, both in the telecom networks and within data centres installations.

Network and Applications Assurance (NAA)

Calnex's SNE, SNE-X and SNE-Ignite Network Emulation platforms are used to replicate network behaviour in real-world conditions, enabling the infrastructure testing of Ethernet, cloud and data centre technology & networks.

Calnex's NE-ONE product provides Network Emulation testing of software applications and digital transformation testing that utilise the telecoms and cloud computing infrastructure.



NE-ONE

- Provides comprehensive Network Emulation for testing of software applications and digital transformation testing.
- Hardware platform available to host software product.
- Software can be hosted in VMware, AWS and Azure environments.



Sentinel

- First to measure time from the air signal.
- Best-in-class at maintaining high-accuracy time in the field.
- Designed to meet the testing needs of new 5G networks.



SNE

- Provides comprehensive Network Emulation for infrastructure testing.
- Supports multi-port/multi-user support up to 400GbE interfaces.
- SNE & SNE-X is PC based with software test core for highly flexible, complex network scenario emulation.
- SNE-Ignite also incorporates hardware test core for high capacity and high precision emulation scenarios.
- Market leader in port count, multi-user and flexibility.

Our Business Model

Our unique position

Calnex operates a lean business model, with a global network of regional distributors and channel partners. Calnex has a highly sophisticated and differentiated product offering, with an in-depth knowledge of future market requirements.

Market-leading solutions

The Group has an established position at the forefront of the global test and measurement industry.

Calnex has active innovation programmes across all product areas in both telecoms and data centre/cloud computing markets to drive growth and widen its offering to serve unmet needs. New products have gained traction in new sectors, such as defence, edge computing and the low-orbit satellite sector.

Calnex's products are differentiated through their high specifications and the complexity of the product platforms.

Clear purpose and strategy

Calnex's three-pronged growth strategy provides motivation for staff and attracts investors. The Group's strategy capitalises on the drivers in the telecoms and cloud computing and data centres markets:

1. Continued product innovation to capitalise on the build out of the mobile network and growth of 5G.
2. Expansion within the cloud computing sector and growth in applications hosted in cloud computing.
3. Target select acquisition and strategic partnership opportunities to add to product portfolio.

Longstanding customer partnerships

The longevity and depth of Calnex's customer relationships demonstrate its reputation in the industry and trusted partner status with global reach.

Given the highly specialised nature of Calnex's offering, customers are sticky with around three-quarters of sales typically repeat orders. This provides financial strength, enabling the business to invest in R&D.

First to market

Calnex holds close relationships with customers, regulatory bodies and leading market participants, meaning it consistently brings new technologies to market first. Together, these also act as a significant barrier to entry to potential competitors.

Engineering expertise

Calnex employs a team of experts highly focused on R&D, IP and product development to ensure its products remain at the forefront of their markets.

Industry know how

Calnex is an established business with an experienced senior leadership team.

The Group's ability to offer a wide range of solutions is attractive to customers and provides a point of differentiation.

Calnex's position and reputation within the industry means it is well placed to make further acquisitions.

Operational model

These qualities are supported by a lean business model, with global distribution channels in place and manufacturing outsourced to a high-quality and long-standing local partner:

Operational excellence

Large company structure, with sophisticated marketing and R&D processes.

Successful expansion through product and technology acquisitions, most recently with the acquisition of iTrinegy in FY23.

Proven ability to integrate bolt-on acquisitions who benefit from access to global sales channel and increased R&D structure.

The target industry sectors are all rapidly evolving environments – the migration of mobile to 5G and the emergence of the equipment and applications utilising cloud computing. This requires innovative products and technologies to support the investment in new digital infrastructure. This drives growth in the need for Calnex's test and measurement instrumentation and solutions.

Distribution channels

Global reach through network of regional resellers and distributors.

In FY25 the Board undertook a review of the Company's sales channels and channel partner arrangements. The implementation of the new channel strategy has been successful, with new channel partners onboarded across all territories.

Calnex maintains direct contact and has strong, ongoing relationships with end customers, due to a highly technical sales process.

Manufacturing capability

Manufacturing outsourced to Kelvinside Electronics since 2007.

Kelvinside Electronics operates from a custom built 40,000ft² facility located in Kilsyth, Scotland.

High quality short- and medium-term sales forecasting information, along with close working relationships, enable optimisation and management of global supply-chain procurement and production schedules.

Maturity of the operational model combined with agile methodology provides scalability, adaptability and creates value for Calnex's customers, colleagues, shareholders and the markets in which we operate.

Our customers

The test and measurement sector is an integral part of the communications networks in both the telecoms industry and increasingly across other industries from cloud computing to defence and satellite. It is typically required at each stage of the development cycle and it enables market participants to develop, manufacture, deploy and maintain the teleco 5 equipment and networks. Calnex helps to ensure test and measurement within these industries can be carried out reliably to prove conformance to the standards required by market participants and regulators.

Our evolving market

Calnex continues to work closely with customers and the key regulatory bodies to track and monitor the industry changes that Calnex's products will be required to test and measure.

Our colleagues

Calnex strives to be an employer that people enjoy working for. We provide a supportive and productive work environment and help our employees in taking care of their physical and mental wellbeing, with a focus on each staff member's career path.

Our shareholders

Calnex's focus is on delivering returns for its shareholders. A robust balance sheet provides a foundation for growth across the expanding markets and support dividend payment.

Chair's Statement

Return to Growth



The resilience and agility of the Calnex team have yet again come to the fore and have been demonstrated by the diligent response to trading conditions.”

Stephen Davidson
Non-Executive Chair

Overview

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

A return to growth in FY25

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



Trading this year has started well and the Board believes Calnex is very well positioned to capitalise on the long-term structural drivers and deliver long-term growth."

Stephen Davidson
Non-Executive Chair

(NAA) business in the cloud computing, defence and satellite markets.

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

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

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

ESG

Calnex remains committed to upholding high standards of environmental awareness, social responsibility, and governance.

Our 'people first' ethos is foundational to the company, which is built on trust and respect for each other, for the environment, and for the local communities of our employees across the globe.

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

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

Outlook

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

Stephen Davidson
Non-Executive Chair
19 May 2025



CEO's Statement and Operational Review

Further progress across key sectors



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

Overview

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

and early success in operating under our new multichannel sales model.

Customer Metrics

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

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

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



Confident in our ability to deliver sustained long-term growth in telecoms and cloud computing as the industries advance towards pervasive 5G coverage, emergence of 6G, gen AI, and other new technologies.”

Tommy Cook
Chief Executive Officer

albeit with the backdrop of continued challenges in that market.

Market Backdrop

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

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

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

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

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

Product Innovation

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

Paragon-neo supporting telecoms and data centre expansion

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

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

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

CEO's Statement and Operational Review continued

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

NAA platforms driving growth in Cloud Computing and Data Centre Markets

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

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

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

Financial performance

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

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

People

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

Sales Channel Review

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

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

Outlook

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

Longer term, while macro uncertainty remains, particularly with geopolitical developments, the telecoms industry's continued innovation around 1.6Tb/s and high speed application testing presents further long-term growth opportunity for Calnex. Our strategy remains focused on scaling in cloud and defence markets, maximising momentum behind Paragon-neo, and continuing to enhance our NAA

platform capabilities. With strong foundations and an experienced team in place, we are confident in our ability to deliver sustained long-term growth.



Tommy Cook
Chief Executive Officer
19 May 2025



Financial Review

Chief Financial Officer's Statement



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



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

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

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

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

Our NAA network emulation product for infrastructure testing, SNE, also experienced revenue growth after a difficult year of trading in FY24, as a result of growing demand for our

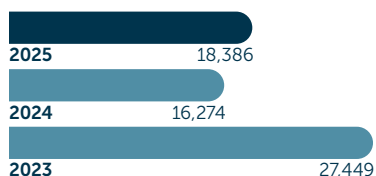
newly launched SNE-X & SNE-Ignite product, particularly in the Americas and North Asia regions. NE-ONE, our NAA network emulation for testing of applications product, experienced a reduction in revenue in the year impacted by a shift in marketing focus to our new SNE and Paragon releases in FY25. Focus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



Financial KPIs

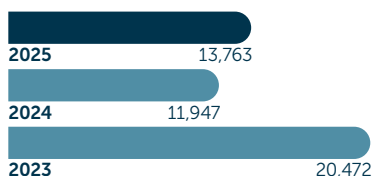
Revenue (£'000)

18,386



Gross profit (£'000)

13,763

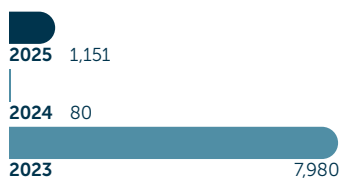


Gross margin %

75%

Underlying EBITDA¹ (£'000)

1,151



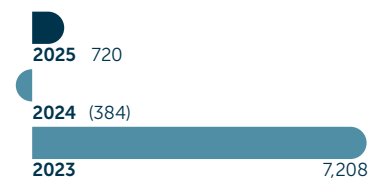
Underlying EBITDA %

6%



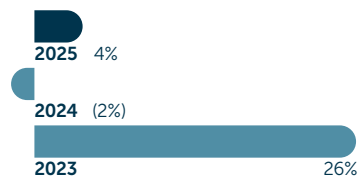
(Loss)/profit before tax (£'000)

720



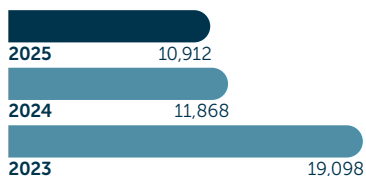
Profit/(loss) before tax %

4%



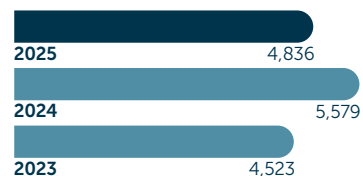
Closing cash and fixed term deposits (£'000)

10,912



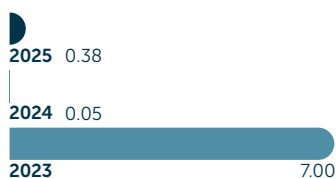
Capitalised R&D (£'000)

4,836



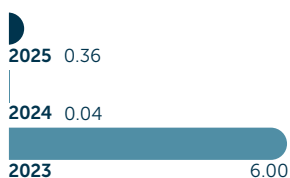
Basic EPS (pence)

0.38



Diluted EPS (pence)

0.36



1 Refer to note 32 for explanation of the alternative performance measures calculations. A full reconciliation between Underlying EBITDA and the statutory measures is also shown on pages 18 to 23.

Financial Review continued

Reconciliation of statutory figures to alternative performance measures – Income Statement

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

Revenue

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

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

Revenue model

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

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

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

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

Many of the products and services developed and deployed by Calnex's customers are interlinked and need to be tested independently, such as the individual components which are then built into the equipment used in telecoms networks. Calnex's test

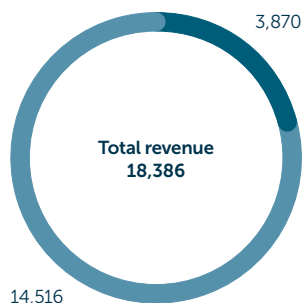
products can be used by a combination of equipment vendors, component manufacturers and network operators, to carry out testing during a new product development cycle. Products verified utilising Calnex's test solutions can be used in the knowledge that they will deliver consistent performance.

Gross Profit

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

Sources of Revenue

Revenue streams

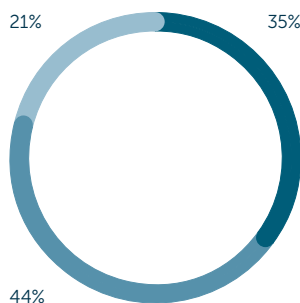


- Warranty support revenue – recognised over the life of cover
- Hardware and software revenue – recognised on despatch/delivery

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

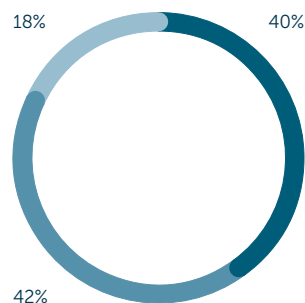
As bundled hardware and software revenues grew 15% on the prior year in line with increased demand for our products, revenues from software support and extended warranty programmes also increased 5% on prior year revenues, demonstrating the value our customers place on ensuring they can continue to receive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

Geographical split (revenues) (3 year order average)



- 35% Americas
- 44% Rest of World
- 21% North Asia

Geographical split (revenues) (In-year revenues)



- 40% Americas
- 42% Rest of World
- 18% North Asia

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

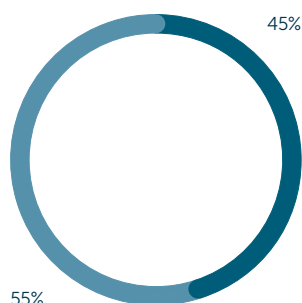
On a three-year average basis, the split of revenues across the three key regions was 44% for ROW (FY24: 42%), 35% for Americas (FY24: 33%) and 21% (FY24: 25%) for North Asia. The Americas region was the most impacted by the telecoms slow down in prior years and our FY25 focus on cloud-based infrastructure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



Financial Review continued

Sources of Revenue continued

Top 10 customer orders (3 year order average)



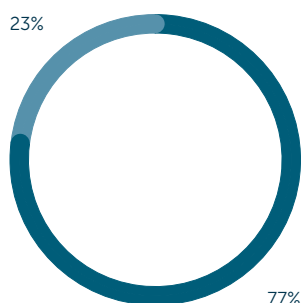
- 45% Top 10 Customer Orders
- 55% New Customer Orders

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

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

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

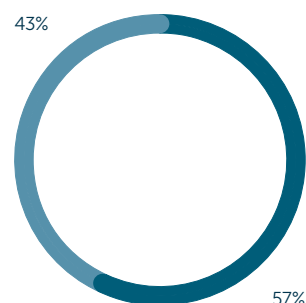
Repeat customers (3 year order average)



- 77% Repeat Orders
- 23% Other Orders

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

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



- 57% Telecoms
- 43% Cloud Computing Market

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

Underlying EBITDA

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

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

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

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

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

Profit before tax

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

Tax

The tax charge in the year was £0.4m (FY24: credit of £0.4m), representing an effective tax rate of 53% (FY24: 111% credit), principally driven by one off

prior year adjustments. The normalised run rate range for the business' effective tax rate going forward will be closer to the applicable tax rate, which is currently 25%.

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

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

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

Earnings per share

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

Cashflows

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

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

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

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

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

Dividend

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



Ashleigh Greenan
Chief Financial Officer
19 May 2025

Principal Risks and Uncertainties

Principal Risks and Uncertainties

The Board has overall responsibility for the Group's risk management processes and internal control procedures. The Board provides oversight and has established controls designed to help the Group meet its business objectives by appropriately managing the principal risks and uncertainties that could have a material impact on the Group's performance.

The Board regularly assesses the Group's exposure to risk and seeks to ensure that risks are mitigated wherever possible. Risk assessments are also undertaken by the Board whenever there is a potential material change to the principal risks and uncertainties.

The Audit Committee has responsibility for reviewing the Group's internal controls and risk management systems for effectiveness. It oversees and reviews the Group's executive management team's internal control and risk management processes throughout the year.

Day-to-day risk management is the responsibility of the Group's executive management team and the senior managers within the business. Any potential changes to risk are reviewed regularly during executive management meetings.

The Board maintains a risk register for all principal activities of the Group. The risk register details the potential risk likelihood, mitigating factors, mitigated level impact and action owner. The executive management team meet regularly and consider new risks and opportunities presented to

the Group, making recommendations to the CEO which are then fed back to the Audit Committee and Board if significant. Employees are also encouraged to report any new risks through the Group's internal reporting procedures.

The Board sets out below the principal risks and uncertainties that the directors consider could have a material impact on the business. These risks are monitored on a continuing basis. The Board recognises that the nature and scope of risks can change and that there may be other unknown risks to which the Group is exposed, or which may become material in the future.

A bottom-up financial planning process is conducted once a year for review and approval by the Board. The Group's results, compared with the annual financial plan (and any relevant reforecasts), are reported to the Board on a monthly basis.

The Group maintains appropriate insurance cover in respect of actions taken against the directors because of their roles, as well as against material loss or claims against the Group. The insured values and type of cover are comprehensively reviewed by the

Board on a periodic basis, after detailed specialist advice from the Group's insurance brokers.

The Group has in place documented authority levels for approving purchase orders, invoices and all bank transactions, with any expenditure in excess of predefined levels requiring approval from the executive directors.

The Group is focused on meeting the highest levels of customer satisfaction and has an ISO9001 certified Quality Management System in place. Quality procedures for the development of products, services and maintenance support are documented and reviewed frequently.

Given the size of the Group, the Board has concluded it is not appropriate to establish a separate, independent internal audit function but will keep this under review.

Details of financial risks are outlined in note 22 to the financial statements. Refer to pages 93 to 96 for more details.



Movement Key:



Increasing



Decreasing



Unchanged

Risk	Impact	Mitigation	Movement since prior year
Manufacturing and relationship with single manufacturer	<p>The Group outsources the manufacturing of a high percentage of its products to a single contract manufacturer, Kelvinside Electronics. Kelvinside Electronics procures and stocks all components (both electronic and mechanical parts) and manufactures the printed circuit assemblies for Calnex's products. The Group is therefore highly reliant on Kelvinside Electronics being able to manufacture Calnex's products within agreed timescales, including the sourcing of unique parts, in line with agreed specifications. In the event that Kelvinside Electronics is unable to meet product orders or that products manufactured by Kelvinside Electronics are found not to meet agreed specifications or are faulty, there could be a significant impact on Calnex's ability to fulfil customer orders.</p>	<p>The Group's executive management team monitors Kelvinside Electronics' disaster recovery plans and the availability of alternative UK-based contract manufacturers with comparable capability and is satisfied that in the unlikely event of a manufacturing or other issue affecting Kelvinside Electronics, the Group should be able to manage the situation, partly through investment in additional safety stock (main equipment and critical components), until the outage was resolved or production has been moved to an alternative supplier (including the sourcing of replacement components in the event it was not possible to transfer the stock held by Kelvinside Electronics).</p> <p>The Group's close working relationship and information sharing process with Kelvinside Electronics includes regular communication and sharing of rolling forecasting and stock level data. This process provides early warning of any potential delay concerns from end suppliers and prompts discussion around specific procurement arrangements on certain parts. The business' management team regularly reviews alternative parts supply.</p>	↔

Principal Risks and Uncertainties continued

Movement Key:



Increasing



Decreasing



Unchanged

Risk	Impact	Mitigation	Movement since prior year
Supply of electronic components	A shortage of electronic components and resulting extended lead times can affect all sectors utilising such parts. Procurement of parts improved through FY24 and has remained stable through FY25.	The Group maintains close working relations with the procurement and leadership team at our contract manufacturer, Kelvinside Electronics, to secure stock to maintain production requirements. Demand plans and safety stock levels have been maintained, supported by a robust quarterly demand planning process to maintain the resilience to shortages with lead times in line with customer expectations.	
Distribution channel	<p>For 12 years, the Group had a productive relationship with Spirent through a sales channel reseller agreement, covering approximately 70% of the Group's total annual orders. The remainder of the Group's total annual orders were transacted through approximately 40 regional partners, predominantly across Europe and North Asia.</p> <p>On the 31 July 2024, the Group terminated the agreement with Spirent and migrated its route to market to a strategy involving an increased number of regional partners and, in some cases, selling direct to end customers.</p> <p>Although formal end date of the Spirent agreement was 31 July 2024, both Calnex and Spirent agreed to continue to cooperate through the period immediately after this date to complete deals that are close to securing. This is a pragmatic approach for both companies and does not impact new relationships as the new partners will be focused on finding new opportunities.</p> <p>A replacement network of partners is now in place, as a result of a concentrated effort by the Calnex channel management and sales teams throughout FY25, taking the Group's total regional partner base to approximately 60, and this network will provide Calnex with a sustainable route to market for all product lines in all countries that the group sells into.</p>	<p>The Group has always been used to working with a number of regional partners through the years, even though the highest volume of business went through Spirent. The channel partner network has always been closely managed to ensure each partner provides effective customer reach for the products and groups of customers they have been engaged to cover for Calnex, and this will continue going forward with the larger channel partner network that is now in place.</p> <p>With over 60 partners providing the global footprint, with a wide variation in the business coverage provided by each given their location and customer base, the Group has evolved its processes and procedures over the last period and will continue to do so moving forward to ensure an effective partner management system is in place using a data-driven monitoring approach.</p> <p>As the Group no longer has a single partner with a very high concentration of business, as it did with Spirent, the distribution channel concentration risk has decreased. Spirent covered 43% of the Group's total annual orders in FY25, and 39% in H2, demonstrating this decreasing concentration.</p>	

Risk	Impact	Mitigation	Movement since prior year
Economic and business cycle impact on capital spend	A significant proportion of the group's income is capital expenditure incurred by our customers to serve their engineering development projects. During times of economic uncertainty some such programmes across the sector can be subject to delays or postponement, though are rarely cancelled.	<p>The Group will stay closely connected to end-customers to ensure it can fully capitalise when spend approvals are restored.</p> <p>The Group explores options to use opex-based models where relevant, including rental and service models.</p>	↔
Cyber Security Risk	<p>The operational processes of Calnex and the management of the Company's intellectual property are all dependent on our IT systems.</p> <p>There are risks at all levels of the business ranging from all staff being subjected to potential scam emails and internet viruses, to a malicious cyber-attack on the company resulting in a potential ransomware threat.</p>	<p>The Group operates comprehensive staff training, systems and data security back-up and procedures to protect against a cyber-based incident.</p> <p>The Group has a continual improvement approach to IT security controls and business procedures to mitigate cyber security risks, including, but not limited to, vulnerability and email scanning, software patching and regular cyber maturity assessments.</p>	↔
Other third-party suppliers, distributors and contractors	The Group is reliant, to an extent, on third parties for various processes, products and services which the Group requires to deliver its products. Termination of these relationships and/or breach of arrangements agreed with third parties and/or failure of such third parties to otherwise deliver the contracted services and/or failure to engage alternative third parties could be a risk to the Group.	The Group monitors its relationships and maintains open dialogue with these key third parties closely to mitigate against this risk.	↔

Principal Risks and Uncertainties continued

Movement Key:



Increasing



Decreasing



Unchanged

Risk	Impact	Mitigation	Movement since prior year
Geopolitical landscape	<p>The political landscape within which the Group operates is going through a period of change, particularly with regards to the recent changes in US trade policy, US/UK/China relationships, the consequences of the Russian invasion of Ukraine and other rising tensions across the globe including those between China and Taiwan and developments in the Middle East.</p> <p>Changes to UK and international government policy, funding regimes, infrastructure initiatives, or the legal and regulatory framework may result in structural market changes or impact the Group's operations in terms of reduced profitability, increased costs and/or a reduction in operational flexibility or efficiency.</p>	<p>The Group monitors carefully future developments that arise out of these changes to the landscape and will engage in any relevant regulatory processes. The geographical spread of the Group's operations acts as a mitigating factor against any concentrated economic risk.</p> <p>As a result of the recently announced 10% import tariffs for goods being shipped into the US from the UK, the Group is working closely with its US sales partners to mitigate the impact to revenues.</p> <p>The Group has carried out little business with Russia, Ukraine or Belarus over the years hence the conflict involving these countries has had minimal direct impact on the business although the wider implications of the conflict continue to be monitored.</p>	
Technological change	<p>The markets for the Group's products are characterised by rapidly changing technology, and increasingly sophisticated customer requirements. It is critical to the success of the Group to be able to anticipate changes in technology or in industry standards and to successfully develop and introduce new, enhanced and competitive products on a timely basis and keep pace with technological change.</p>	<p>Calnex, since inception, has developed and maintained a close involvement with the standards community and with regulatory bodies to ensure it has early insight to industry developments to keep the Group's R&D programmes well informed.</p> <p>Senior management also have regular meetings with key end customers to maintain visibility over their technology roadmaps.</p> <p>The insight from these relationships enables Calnex to produce a demand-led offering in line with market developments, customers' future requirements and regulatory standards.</p>	

Risk	Impact	Mitigation	Movement since prior year
Key individuals	The Group's business, development and prospects are dependent on a number of key management personnel. The loss of the services of one or more of such key management personnel may be a risk to the Group.	<p>The directors believe the Group operates a progressive and competitive remuneration policy which includes the potential awards of share incentives to staff. The future development and implementation of this policy will play an important part in retaining and attracting key management personnel.</p> <p>The Group maintains connections to the executive recruitment industry to ensure new talent can be identified and attracted to Calnex as and when need.</p>	↔
Competitive position	In the telecoms industry the Group's competitors are, in many cases, significantly larger enterprises with greater financial and marketing resources. There may also be new entrants to the market. In response to competitive activity, the Group may be forced to make changes to its products or services.	The executive management team monitor competitors' service offerings closely. Strong customer engagements also provide visibility of future needs which provide mitigation against a competitor gaining a significant time-to-market advantage.	↔

ESG

A meaningful impact

Calnex is a 'people first' company built on trust and respect. Not only for each other but also for the environment and for the local communities of our employees across the globe, where we do our best to make a meaningful impact.

The Group follows the Quoted Companies Alliance Practical Guide to ESG, which is intended to supplement The Quoted Companies Alliance Corporate Governance Code (the QCA Code), which the Group also follows. The QCA Practical Guide provides pragmatic steps for small and medium sized listed companies to develop how to identify and disclose those ESG issues that are important to them and outlines an approach that is proportionate to the resource availability within smaller companies, whilst also giving stakeholders the relevant information that they need. We have established an internal ESG Steering Committee, members of which are a cross departmental team of senior leaders who are responsible for reporting to the Senior Leadership Team on all ESG related activities and initiatives throughout the business.



Calnex is an innovative and forward-thinking business where our employees are encouraged to share their views, contribute to decision making, challenge each other and improve our processes to make a positive contribution to business success. This is reflected in the approach we take to delivering leading-edge test and measurement solutions for 5G networking and wireless technologies.

Our focus is on delivering platform products that enable software upgrades in line with customers' aspirations. We can't control how our customers use our products, but we can influence how they benefit from additional functionality without the need for additional hardware. Thanks to the skills of our team, our in-depth knowledge, and market insight, many of our customers enjoy hardware longevity of between 10 and 15 years.

Our software-first approach significantly reduces the impact our products have on the environment by building in best-in-class longevity and providing long-term expert support through cutting-edge upgrades that anticipate customer requirements. Although already a low environmental impact business, the senior management team and our staff are keen to do more to tackle the environmental challenges facing the planet and have several initiatives running to address this. Our employee-led environmental, social & charity team also continues to be extremely successful, with high levels of employee engagement experienced throughout the year.

In this last year we have initiated a new STEM education and development programme engaging with local schools and universities to promote engineering to children and young adults, inspiring them to consider STEM careers in their future.

People

We work as one team. Respectful of each other, we consider how our actions, ideas and approaches impact others. We are inclusive, sharing in the successes, the challenges and the Group's ambitions moving forward. We help and encourage each other, supporting the business and our colleagues in building on an already successful company. Calnex enjoys and thrives on a diverse workforce where inclusion is key to building high performing, engaged and successful teams. Our retention rate of staff over FY25 was 94% (with an average tenure of 6 years).

Our strong values are promoted through a variety of employee engagement programmes:

- Robust and inclusive **Recruitment Process** that hires top talent and employees who value and support a positive working culture. Our process consistently surveys as 'Excellent' (top rating) from successful candidates and we have a 100% probation pass rate for FY25.
- Supportive **Induction Training Programme** that supports the integration of new employees and ongoing development of the wider Calnex team.
- **Mentoring Programme** to support the development of staff and career progression.
- Employee-built **Annual Review and Development Programme** that recognises personal achievements and supports development and career progression.
- Our **Training and Development Framework** develops skills, secures industry recognised and educational qualifications and manages and promotes employee wellbeing.
- Group-wide mandatory **Compliance Training** to remain legally compliant worldwide.
- A benchmarked **Benefits Package** that strongly supports the financial, physical and mental wellbeing of our people including, amongst other things, profit share for staff if the Company achieves budgeted profit targets, an employee share incentive plan, a flexible/hybrid working model, an employee wellbeing activity programme.
- **Quality Management System** that encourages inclusivity and drives process improvement.
- Regular **Culture sessions** chaired by Calnex's CEO to gather feedback on the Company's culture, practices and processes, encouraging employees to provide their input into organisational development. In FY25 we held 20 meetings with 107 employees attending.
- **Annual Employee Surveys** to enable two-way dialogue on topics such as company strategy, career progression opportunities and other current topics affecting the working lives and wellbeing of our employees. During FY25, 83% of employees completed the anonymous survey. Over 80% of responders agreed Calnex is a good company to work for, feel they work in a supportive and psychologically safe environment, can be themselves at work and are aware of the development opportunities available to them.
- **Free Financial Education Workshops** for UK employees, including an onsite and online employee clinic for those employees who want to seek free financial advice.

ESG continued

Learning and development

98% of employees are signed up to the Udemy training platform which not only provides a high level of technical training, it also provides an abundance of content (24,000+ courses) relevant to all job roles, supporting employees in not only advancing their technical knowledge but also looking after their general wellbeing and skills development. Every employee at Calnex has access to a licence and 'DEAL' time (**Drop Everything and Learn**) of at least 5 days per year. Managers have the ability to assign learning paths to their direct reports, actively supporting their personal development with suggestions on learning content to focus on.

Our Leadership Development Programme (LDP), in partnership with Connect Three, welcomed its fourth cohort in FY25. Our LDP is a mandatory programme for managers which supports them in leading high performing teams, developing capability, effective communication and leading effective change, which, in turn, will help with overall business productivity and culture. 74% of Calnex managers had completed this training by the end of April 2025. Our internal Calnex Info Hub programme, which aims to promote foundational understanding of our business and give employees insight into our products, technologies, markets and the wider business, launched a spin of Intro Hub programme this year to improve our employee induction and onboarding process and experience. These programmes serve as an induction for new hires and source of continuous learning for all employees.

Calnex Corporate Giving Scheme

We have two main initiatives in place under the Calnex Corporate Giving Scheme – the Calnex Corporate Responsibility Fund where employees can nominate charities, clubs or organisations for a monetary donation each quarter and our Calnex in the Community Scheme where employees are given two days each financial year to volunteer within their

local community during working hours, without the need to book annual leave.

The Board is committed to setting aside a portion of the annual budget each year for the Calnex Corporate Responsibility Fund. The scheme is managed by an employee-led team (with senior leadership sponsorship) who consider proposals from employees for donations or support for groups and events that matter to them. The Calnex senior leadership team want to empower our employees to make a difference in their communities by directing the Company to support initiatives that our employees truly care about.

The Calnex in the Community Scheme is also very popular with our employees. Group volunteering activities such as planting trees and supporting local food banks are beneficial in so many ways. Beyond the obvious benefit of the primary task and the psychological benefit from making a positive contribution, we recognise how significantly such activities boost team spirit and engender pride in being associated with a company that helps our employees make a meaningful, local difference.

This financial year Calnex has donated £16,500 to 66 charities, organisations and social events across the globe through our Corporate Giving Scheme. These donations were made to a wide range of different charitable causes including donating care packages for foster children and hygiene banks, mental and physical health charities, animal rescue organisations, sports clubs and rewilding programmes. 63 out of the 66 charities were put forward by employees across the globe. Key charitable donations included Samaritans, Andy's Man Club, NAMI, Edinburgh's Children's Hospital, Lister Hospital, SSPCA, Crosskennan Animal Charity and Meningitis Now and Meningitis Research.

As well as monetary donations, we also supported foster children and hygiene bank charities in the UK and USA by creating care packages including items such as personal hygiene products and winter essentials, delivered in Calnex tote bags.

Our annual Christmas giving continued with our charity raffle in aid of HopScotch, who provide vulnerable children with much-deserved seaside holidays. Through employee ticket sales and our Calnex Corporate matching scheme, £4,644 was raised. Our festive giving campaign also includes our gift tag appeal, where employees across all UK sites bring in toys which are then given to local charities to support vulnerable children over Christmas. In total over 120 presents were distributed to children across Scotland, England, and Northern Ireland. Calnex also made monetary donations to similar charities in America and India.

This year, Calnex also initiated a new initiative to increase engagement with educational establishments (including pre-university), organisations and charities focussed on inspiring and developing the young future workforce and encouraging more young people into STEM subjects:

- Our Linlithgow Office hosted two 'Workplace Explorers' events, the first of which was an amplified version of 'bring your child to work day'. We had 14 of our employees' children take part in a STEM based project. A similar project has been launched with two local primary schools in the local area. We hope to repeat and develop this project in partnership with other schools going forward.
- Our VP of Engineering also judged the Engineering Development Trust Industrial Cadets Gold Project, a STEM project for S5/6 pupils. The mentoring companies set the team a project brief based on their own companies, allowing pupils to work on a real and tangible brief for which they had to find a solution.

Products

Our products are innovative, leading-edge test and measurement solutions for designers and operators of the equipment and infrastructure that enables 5G networking and wireless technologies. 5G technologies provide enhanced mobile broadband, mission critical communications and the Internet of Things, all of which have a significant global impact across many aspects of society and industry.

Through the sales and post sales engagement with customers, we gather feedback on features and requirements that we need to enhance the product for the future. Regular engagement with customers is core to the value we deliver to support our customer's current and future needs.

Our approach to product development is as follows:

- we develop hardware platforms that can be enhanced with downloadable software upgrades in line with customers' everchanging needs. For example, both our Paragon-X and Sentinel platforms, introduced in 2010, and 2013 respectively, are still supported by the Company;
- our products are built into test racks where they remain for as long as the customers' products are supported. Customers expect their products, once deployed in networks, to be utilised for 10–15 years;
- this longevity feeds back through the supply chain as our customers now expect that same longevity from test equipment vendors;
- all our products comply with the Restrictions of Hazardous Substances Directive;
- our products are manufactured by a highly skilled contract manufacturer, Kelvinside Electronics, whose close proximity allows for excellent two-way support and communication regarding the complex technical challenges of building and testing our products;

- our bespoke product packaging is manufactured by a local supplier with a comprehensive environmental policy including a focus to reduce, reuse and recycle all packaging materials wherever possible; and
- we are certified to ISO9001 for our Quality Management System, and ISO45001 for Health and Safety.

Environment

Both Calnex's operational processes and products have a low environmental impact.

The majority of our staff are office-based and have the ability to work part of the week from home where their responsibilities allow, performing their operations using computer and internet-based services. Our contract manufacturer, Kelvinside Electronics, is ISO14001 (Environmental Management Systems) certified. Our products, sales and customer support services are managed by locally based partners together with Calnex support staff, which greatly minimises global travel for our people.

Our company HQ and the majority of our operations are based in serviced premises leased from Oracle in Linlithgow. Calnex uses the waste recycling services provided by Oracle. Oracle have also invested in efficient lighting and air conditioning systems which minimise energy consumption on site.

The small amount of electrical component and circuit board waste we generate is disposed of in accordance with the WEEE regulations.

Our products are designed as platforms enabling our customers to take advantage of future software upgrades and hardware longevity which means the customer can retain the hardware for years after the initial purchase.

Although we are currently not required to report on our carbon emissions, Calnex is keen to ensure it is committed to establishing data collection and calculation methodologies to begin reduction initiatives before we are obligated to by law. In FY25, we committed resource to calculate draft scope one and scope two figures and established a carbon calculation steering group to begin work on scope three. Throughout the year, we have continued our scope three preparation, as well as working with our landlords to refine the scope one and two calculations, and to look at reduction initiatives.

A Product Packaging Project was launched in FY23 to measure and improve the recyclability of our product packaging, working with Spirent and our local packaging supplier, Dewar Brothers. This project has continued with pace in FY25, with a focus on working with our packaging supplier to refine the information we receive on our packaging to prepare us for future improvements and increase accuracy of reporting under the producer responsibilities.



Tommy Cook
Chief Executive Officer
19 May 2025



Section 172 (1) Statement

S172 (1) Statement

Section 172 (1) of the Companies Act obliges the directors to promote the success of the Group for the benefit of the Company's members as a whole.

The section specifies that the directors must act in good faith when promoting the success of the Company and in doing so have regard (amongst other things) for:

- the likely consequences of any decision in the long-term;
- the interests of the Group's employees;
- the need to foster the Group's business relationship with suppliers, customers and others;
- the impact of the Group's operations on the community and environment;
- the desirability of the Group maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Company.

The ways in which these duties are addressed is set out below:

Consequences of any decision in the long-term

The Board is responsible for the decisions made in support of the long-term success of the Group and how the business has implemented strategic, operational and risk management decisions. For more information on the business strategy and developments during the year, refer to pages 6 to 7 of the Strategic Report.

Employees

The Group has a strong focus on maintaining a culture of employee engagement and wellbeing. Our employees play a key role in the success of our business' strategic goals and the Board recognises the importance of a rewarding, inclusive and supportive working environment for our staff.

Refer to pages 30 to 33 of the Strategic Report for further detail on our culture and employees, including activities during the year.

Suppliers, customers and regulatory authorities

The Board recognises that trusted and constructive partnerships with our suppliers, customers and regulatory authorities are important to the success and growth of the business. The Board and the executive management team ensure transparent and regular communication with suppliers and customers and the business values the feedback we receive. We take every opportunity to ensure that this feedback is taken into consideration in the Group's decision making.

The sophisticated nature of Calnex's products requires a high level of customer and supplier interaction from Calnex staff throughout the sale process and the Group is typically regarded as a trusted partner by both its resellers and customers. The high level of engagement with customers and our key contract manufacturer provides Calnex with visibility of industry direction and gives valuable insight for the Group's R&D and product development activities.

The Group also has processes in place to monitor new regulations and compliance requirements that may impact the business – including, for example, compliance with required standards and certifications, financial accounting and reporting updates and tax accounting and reporting compliance. Although Calnex itself is not regulated as a supplier of electronic test instrumentation, the Group is required to comply with certain regulations regarding safety, quality and radio frequency emissions standards in order to market its products in certain jurisdictions.

Refer to pages 14 to 17 of the Strategic Report for further detail on the Group's interaction and relationship with our customers and suppliers.

Community and environment

Although it is not mandatory for a Group of Calnex's size to report under the Streamlined Energy and Carbon Reporting (SECR) rules, awareness of the impacts on the environment and the community around us are considered in the Group's decision-making processes. The nature of the Group's business model and activities means a high proportion of processes which address current environmental challenges are embedded into our supply chain – predominantly through our landlord, our contract manufacturer and our distributor network. All of these key stakeholders who feed into Calnex's business model are also prioritising the environment in their planning and strategic decisions.

The Board is committed to fund a Calnex Corporate Giving Scheme each year. An employee-led team (with senior leadership sponsorship) considers proposals from employees for donations or support for groups and/or events that matter to them. The Calnex senior leadership team want to support groups local to our employees to help to make a difference in our local communities.

Refer to pages 30 to 33 of the Strategic Report for more detail on the community and environmental activities undertaken by the Group and its supply chain.

Maintaining high standards of business conduct

The Company is incorporated in the UK and is governed by the Companies Act 2006. Calnex has adopted the Quoted Companies Alliance Corporate Governance Code 2023 (the 'QCA Code'). The Board recognises the importance of maintaining high standards of corporate governance, and together with the requirements to comply with the AIM Rules, this ensures that the interests of the Group's stakeholders are protected. Robust financial controls are also in place and regularly reviewed and documented.

The Board ensures ethical behaviour and business practices are maintained across the business and compliance policies are provided to staff upon joining the business and recirculated annually. Training is also provided at regular intervals thereafter to ensure that all employees within the business are aware of their importance:

- Anti-bribery and corruption training is mandatory for all staff. The Group expects honest and professional behaviour from all staff and stakeholders and there is zero tolerance for bribery and unethical behaviour by anyone working in or with the Group;
- The Group also has an anti-slavery and human trafficking policy statement which all staff are made aware of; and
- A whistleblowing policy is in place to allow employees to raise any concerns confidentially with the Chair or with Protect, the whistleblowing charity.

Section 172 (1) Statement continued

Shareholders

The Board recognises the requirement to present fair, balanced and understandable information to all stakeholders and particularly our shareholders. The Group is committed to transparent and effective communications with its shareholders so that there is a clear understanding of the Group's strategic objectives and performance.

The Group's approach to investor relations is described in more detail in the Corporate Governance section at page 42.

The following table summarises some of the significant decisions made by the Board during the year ended 31 March 2025 which demonstrate the way in which the Board has exercised its Section 172 (1) duty and the stakeholder groups impacted by their decision.

Events in the year

Significant event	Key stakeholder group affected
Product Innovation <ul style="list-style-type: none"> We are continuing to see a prolonged period of limited customer spend within the telecoms sector and as a result, we have taken action to diversify our product offering to position us for growth. We maintain close customer relationships, with customers confirming that they remain committed to the delivery of projects once spending budgets are released. We have continued our focus on product innovation, maintaining R&D spend and adjusting our engineering programme to focus on areas showing the most near-term potential across both the telecoms and the newer markets of cloud computing and defence. Our historical experience in this market has shown that when budgets are tight, new capability can be pivotal to releasing budget. This year we introduced 800 Gb/s capability into our Lab Sync Program and 400 Gb/s support into our NAA. The 800 Gb/s capability in particular has driven a significant increase in customer engagement that contributed to the FY25 results. Refer to pages 6 to 9 of the Strategic Report for more details. 	<p>Consequences of any decision in the long-term</p> <p>Shareholders</p> <p>Employees</p> <p>Suppliers, customers and regulatory</p>

Marketing and Business Development reorganisation

- As a result of the change to our sales channel arrangements, we took the opportunity to update our processes and procedures associated with sales enablement.
- With the increased number of sales partners, we launched an initiative to enhance the way we on-board, train and communicate with partners to ensure each one of them is equipped, motivated and managed to deliver growth in their market area.
- These changes are expected to enhance the partner, which should in turn lead to improved business outcomes through our network of in-region channel partners.

Consequences of any decision in the long-term

Shareholders

Suppliers, customers and regulatory authorities

AI usage in Engineering

- This year we introduced AI driven code generation technology into our Engineering tool set.
- The technology is being widely adopted within our software development teams to improve productivity. Controls are in place to ensure we do not inadvertently incorporate AI generated code that could infringe other's IP.

Consequences of any decision in the long-term

New Customer/Partner Support Portal

- We introduced a new customer/partner support portal to streamline and improve the post sales experience of our customers.
- Previously distributed across several systems, the portal acts as a one stop shop for post sales technical support, product software updates, licence/instrument management and access to manuals and FAQs.
- This has been well received by our customers and partners.

Consequences of any decision in the long-term

Shareholders

Suppliers, customers and regulatory authorities

Further details

For further details of how the Board operates and the way in which it makes decisions, including key activities during the financial year ended 31 March 2025 and Board governance, refer to the Corporate Governance section at pages 40 to 46 and the Board Committee reports thereafter.

This Strategic Report was approved by the Board on 19 May 2025 and signed on its behalf by:



Ashleigh Greenan

Chief Financial Officer and Company Secretary
19 May 2025



Board of Directors

Our leadership



Independent Non-Executive Chair
Stephen Davidson

Stephen Davidson is an accomplished director of both public and private companies, with more than 20 years' PLC-board experience. He is currently a Non-executive Director at MCB Group Limited. He also undertakes a number of pro bono appointments. Stephen was previously Non-executive Director at Informa plc, Actual Experience plc, Rosenblatt Group plc, Restore plc, Jaywing plc, Inmarsat plc and MECOM plc. In his earlier career Stephen was Chief Financial Officer and then Chief Executive Officer of Telewest Communications plc and Vice Chair of Investment Banking at WestLB Panmure.



Chief Executive Officer
Tommy Cook

Tommy is the founder and CEO of Calnex Solutions. He has over 40 years' experience in telecoms test and measurement ranging from hands-on design and programme management of R&D projects through to leading business teams within the market segments in which Calnex currently operates. Tommy has participated in a number of Industry Standards forums during his career, including the ITU-T and MEF groups, and presented technical and market insight papers in industry forums.



Chief Financial Officer
Ashleigh Greenan

Ashleigh qualified as a chartered accountant with Deloitte before spending 5 years at KPMG in transaction services. She has held senior finance and corporate development roles at Exova Group plc, the UK materials testing business, before joining Parsons Peebles Group Limited, where she was a director of a number of group companies and held the role of Chief Financial Officer until she joined Calnex in early 2020.





Independent Non-Executive Director
Graeme Bissett

Graeme is an experienced corporate financier and qualified chartered accountant, having previously been a partner with Arthur Andersen LLP and finance director of international groups. He is currently a non-executive director of Aberforth Geared Value & Income Trust plc and Cruden Holdings Ltd. Graeme was formerly Chair of Macfarlane Group PLC and acted as a non-executive director of businesses including Smart Metering Systems plc, Interbulk Group plc and Belhaven Group plc. He also undertakes a number of pro bono appointments.



Independent Non-Executive Director
Margaret Rice-Jones

Margaret has over 20 years' experience at Board level in public and private software and technology companies. Margaret is currently a non-executive director at Holiday Extras Investments Limited, Bengar Limited, Point Blank Solutions Ltd and Chair of the Scale-Up Institute. Previously, Margaret was Senior Independent Director of Xaar plc and chaired private companies Skyscanner Limited and Penguin Portals Limited until they were sold for £1.4bn and £509m, respectively.



Independent Non-Executive Director
Helen Kelisky

Helen Kelisky brings over 30 years of technology business and sales leadership experience and a track record of driving top line growth, leading national and international businesses. Previous roles included Managing Director of Google Cloud in the UK and Ireland, Senior Vice President of Cloud sales at Salesforce UKI, and Vice President of Cloud at IBM. Helen has been recognised as one of the 100 Most Influential Women in UK Tech 8 years in a row from 2017 to 2024, as well as one of the most influential leaders in UK Tech in 2023 and 2024. She currently sits on the Board of Women in Telecommunications and Technology, a non-profit networking group focused on education and enhancing women's careers.



Corporate Governance Report



The Board continues to believe that robust governance practices are fundamental to creating long-term value for shareholders, and remains focused on upholding these high standards.”



Introduction

I have pleasure in introducing Calnex's Corporate Governance Statement.

In accordance with the London Stock Exchange AIM Rules for Companies ('AIM Rules'), the Board has chosen to apply the Quoted Companies Alliance's ('QCA') Corporate Governance Code 2023 ('QCA Code') on the basis that it is the most appropriate governance code for the Group, having regard to its size and structure.

The Board is committed to maintaining high standards of corporate governance and considers that a strong corporate governance foundation is essential in delivering shareholder value. The Board has governance procedures and policies that are considered appropriate to the nature and size of the Group and its subsidiaries.

The QCA Code is constructed around ten broad principles. The QCA has stated what it considers to be appropriate arrangements for small and mid-size companies and asks companies to provide an explanation about how they are meeting the principles through the prescribed disclosures.

A summary of how the Group currently complies with the QCA Code is set out below. There is also a summary on the Group's website corporate governance page.

Principle 1: Establish a purpose, strategy and business model which promote long-term value for shareholders

The Board is committed to delivering long-term value for Calnex's shareholders, and for providing a progressive, inclusive culture that motivates, empowers and rewards its highly skilled workforce.

The Board conducts an annual review of the Group's strategy, alongside regular discussions on progress against the business' strategic aims.

The Group's business model and strategy and key developments during the year are discussed in more detail on pages 6 to 11 of the Company Overview.

Principle 2: Promote a corporate culture that is based on ethical values and behaviours

The Board places significant importance on the promotion of ethical values and behaviours within the Group and takes ultimate responsibility for ensuring these are promoted and maintained throughout the organisation and that they guide the Group's business objectives and strategy.

Calnex is an innovative and forward-thinking business where employees are encouraged to share their views, contribute to decision making, challenge behaviours and improve processes to make a positive contribution to business success. The Group has a diverse workforce where inclusion is key to building high performing, engaged and successful teams.

The impact of the Group's people-related processes is monitored through the annual employee appraisal process and through the use of a satisfaction and engagement survey which is performed annually. The executive team reviews the key findings of the survey and determines whether any action is required.

The Group has documented procedures with respect to its responsibilities regarding ethical behaviour, specifically bribery and corrupt practices and modern slavery and employees receive training in these areas on a regular basis.

The Group has adopted, and will operate as applicable, a code for Directors' and applicable employees' dealings in securities in accordance with Rule 21 of the AIM Rules for Companies.

All Group policies are available to the staff through the Group SharePoint.

Refer to the ESG section of the Strategic report on 30 to 33 for further details.

Corporate Governance Report continued

Principle 3: Seek to understand and meet shareholder needs and expectations

The Group is committed to open and ongoing engagement with all its shareholders on the business' performance and strategy and maintaining positive relationships with shareholders is important to the Board.

The Chair of the Board is responsible for ensuring that appropriate methods of communication are established between the executive directors and shareholders, ensuring shareholders' views and feedback are shared with the Board.

The Chief Executive Officer and Chief Financial Officer meet with the Group's major shareholders on investor roadshows in the days following the release of the Group's interim and annual results, and certain other ad hoc meetings that take place during the year, to discuss the Group's performance and to understand shareholder needs and expectations. The non-executive directors are also available to discuss any matters that shareholders wish to raise and discuss. Refer to the Remuneration Committee report on pages 50 and 51 for detail on the shareholder consultation on equity incentives in FY25.

The Group ensures that any price sensitive information is released to all shareholders, institutional and private, at the same time in accordance with London Stock Exchange requirements. Updates to the market are published via the regulatory news service (RNS) on matters of a material substance and/or a regulatory nature. In conjunction with the Group's brokers and public relations advisers, RNS announcements will be distributed in a timely fashion to ensure shareholders are able to access material information on the Group's progress.

The Group's website (www.calnexsol.com) has a section for investors, which is kept updated to contain all publicly available financial information and news on the Group. Our shareholders also have the opportunity to ask questions through a dedicated investor relations email address throughout the year. The Group engages the services of a financial PR consultancy, which acts as another point of contact for investors.

The Annual General Meeting is an important opportunity for the Board to engage with shareholders, particularly retail investors. The Notice of AGM is sent to shareholders at least 21 days before the meeting. The Chair of the Board, together with all the other directors, whenever possible, attend the AGM and are available to answer shareholder questions.

Refer to pages 50 and 51 within the Remuneration Committee Report for further detail on the FY25 shareholder consultation process with regards to the Group's equity incentive schemes.

Principle 4: Take into account wider stakeholder interests, including social and environmental responsibilities and their implications for long term success

Refer to the s172 Statement on pages 34 to 37 and the ESG section of the Strategic report on 30 to 33 for further details on how we take into account wider stakeholder interests.

Principle 5: Embed effective risk management, internal controls and assurance activities, considering both opportunities and threats, throughout the organisation

A summary of the Group's risk management framework and the principal risks and uncertainties relating to Calnex and its business, along with how those risks are mitigated, is on pages 24 to 29 of the Strategic Report.

Refer to The Audit Committee Report on pages 54 to 57 for further details on The Audit Committee's responsibilities for reviewing and monitoring the effectiveness of the Group's financial reporting and internal control policies, compliance with corporate governance, any matters that may significantly affect the independence of the external auditor and procedures for the identification, assessment, and reporting of risk.

Principle 6: Establish and maintain the board as a well-functioning, balanced team led by the chair

The Company is controlled by the Board of Directors. The members of the Board have a collective responsibility and legal obligation to promote the interests of the Group. They are collectively responsible for defining corporate governance arrangements. Ultimate responsibility for the quality of, and approach to, corporate governance lies with the Chair of the Board.

A Statement of Directors' Responsibilities is set out on page 64 and the experience of the Board is set out on pages 38 and 39.

Board composition

The Board consists of six directors, two of whom are full time executives and four of whom are part time non-executives. The non-executive directors devote as much time as is necessary to fulfil their roles. The Group considers all four of the non-executive directors to be independent.

The Board is satisfied with the balance between executive and non-executive directors. The Board considers that its composition is appropriate in view of the size and requirements of the Group's business and the need to maintain a practical balance between executive and non-executive directors. The Group believes that the makeup of the Board represents a suitable balance of independence and detailed knowledge of the business to ensure that it can fulfil its roles and responsibilities as effectively as possible. The executive directors are directly responsible for running the business operations and the non-executive directors are responsible for bringing independent judgement and scrutiny to decisions taken by the Board.

The Board is highly committed and experienced and is supported by qualified executive and senior management teams. The executive management team includes two members of the Board, the Chief Executive Officer and the Chief Financial Officer.

Before undertaking the appointment of a non-executive director of the Board, the Chair establishes that the prospective director can give the time and commitment necessary to fulfil their duties, in terms of availability both to prepare for and attend meetings and to discuss matters at other times.

The Board believes it collectively has the requisite skills and experience to fulfil its responsibilities. As a group, the Board brings many years of experience in Board and Committee governance (main market listed, AIM listed and private companies), strategy, risk, financial (M&A, capital markets, shareholder value creation, reporting and disclosure), operational leadership, technology, human capital and change.

Board meetings

Board meetings are planned to occur not less than seven times a year with additional meetings as and when required. The Chair is responsible for ensuring that directors receive accurate, sufficient and timely information. A scheduled meeting calendar is arranged as far in advance as possible, and ad hoc meetings are held in person or by video conference when it is necessary for the Board to discuss specific issues.

The Company Secretary compiles the Board and committee papers which are circulated to directors prior to meetings, together with a formal agenda. The Company Secretary provides minutes of each meeting, and every director is aware of the right to have any concerns minuted and to seek independent advice at the Group's expense where appropriate. Information on the Group's operational and financial performance is circulated to the directors in advance of meetings.

The business reports monthly on its headline performance against its agreed budget and market consensus, and the Board evaluates any significant variances. Executive management are invited to meetings from time to time, providing the whole Board with the opportunity for direct enquiry and a thorough overview of the Group.

Corporate Governance Report continued

Meetings of the Board and its committees held in the year to 31 March 2025 and the attendance of the directors are summarised below (those directors that are not members of the Committees attend by invitation):

	Board	Audit Committee	Remuneration Committee	AIM Compliance Committee	Nomination Committee
Minimum requirement for meetings	7	3	3	2	1
Meetings held in year	14	3	5	2	1
Stephen Davidson	14	3	5	2	1
Tommy Cook	14	2	5	2	1
Ashleigh Greenan	14	3	5	2	1
Graeme Bissett	14	3	5	2	1
Margaret-Rice Jones	14	3	5	2	1
Helen Kelisky	14	3	5	2	1

Roles and responsibilities of the Chair and the Executive Directors

The role of the Chair and CEO are split in accordance with best practice.

The Chair has the responsibility of ensuring that the Board discharges its responsibilities and facilitates full and constructive contributions from each member of the Board in determination of the Group's strategy and overall commercial objectives. The Chair oversees the running of the Board, ensuring that no individual or group dominates the Board's decision-making and ensuring the non-executive directors are properly briefed on matters. The Chair has overall responsibility for corporate governance matters in the Group and chairs the Nomination Committee.

The Board retains ultimate accountability for good governance and is responsible for monitoring the activities of the executive management team.

The CEO manages the day-to-day business activities of the Group and the executive management team ensuring that strategic and commercial objectives are met. He is accountable to the Board for the operational and financial performance of the business. The CFO is responsible for the Group's financial controls and reporting to the Board.

The executive management team which comprises representatives from sales, operations, R&D, finance and HR reports to and regularly engages with the CEO. The day-to-day operations of the Group are managed by the executive management team.

Board Committees

The Group has established Audit, Remuneration, Nomination and AIM Compliance committees with clearly defined terms of reference which are set by the Board:

- The Audit Committee has the primary responsibility of monitoring the quality of internal controls and ensuring that the financial performance of Calnex is properly measured and reported on. The Committee also considers the appropriateness of the Group's accounting policies on an annual basis. The Committee liaises with Group's auditors on future changes to such accounting policies. Further details are included in the Audit Committee Report at pages 54 to 57.
- The Remuneration Committee reviews the performance of the executive directors and makes recommendations to the Board on matters relating to their remuneration and terms of service. Further details are included in the Remuneration Committee Report at pages 47 to 53.
- The Nomination Committee regularly reviews the structure, size and composition of the Board. Further details are included in the Nomination Committee Report at pages 58 and 59.
- The AIM Compliance Committee is responsible for ensuring that the Group has in place at all times appropriate procedures, resources and controls to enable it to comply with the AIM Rules. Further details are included in the AIM Compliance Committee Report at pages 60 and 61.

Principle 7: Maintain appropriate governance structures and ensure that individually and collectively the directors have the necessary up-to-date experience, skills and capabilities

The Board has overall responsibility for promoting the success of the Group.

Further detail on Board and Committee roles and responsibilities are described above under '*Principle 6: Maintain the board as a well-functioning, balanced team led by the chair*'.

The Board has a formal schedule of matters reserved to it, including the approval of annual financial plans and the review of performance against these plans, the Group's strategy and objectives, and the treasury and risk management policies.

The Board reviews its governance framework on a regular basis to ensure it is fit for purpose and carries out a review of the Committees' Terms of Reference during each financial year.

Reports of the Board's Audit, Remuneration, AIM Compliance and Nomination Committees can be found at pages 47 to 61 of the Governance section of this Annual Report.

Each member of the Board brings different skills and experience to the Board and the Board Committees. The Board is satisfied that there is sufficient diversity in the Board structure to bring a balance of skills, experience, independence and knowledge to the Group. Where vacancies arise or gaps are identified that must be addressed, the Board (via the Nomination Committee) follows a rigorous selection process using external executive search agencies. More detail on the biographies of the Board of Directors can be found on pages 38 and 39.

The Board conducts an annual review of its composition to ensure there is adequate diversity to allow for its proper functioning and that the Board works effectively together as a unit. When a new appointment to the Board is to be made, consideration will be given to the particular skills, knowledge and experience that a potential new member could add to the existing Board composition.

The non-executive directors hold senior positions with other companies ensuring that their knowledge is continuously refreshed. Specific training, such as updates on AIM rules and corporate governance and compliance training modules will be provided to the Board by the Group when required to support the directors' existing skillsets. The most recent Board effectiveness review also identified a number of training and development opportunities for directors which will be actioned in the year ahead.

The Board has access to external advice, including the Company's solicitors where required. The Board is provided with specific training on the AIM Rules for Companies by its Nominated Adviser on an annual basis. The Company's Nominated Adviser is available to provide guidance and additional training to the Board on specific regulatory matters as required.

Corporate Governance Report continued

Principle 8: Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

The effectiveness of the Board, individual directors and senior management is evaluated on an ongoing basis as part of the Board's ongoing review of the business.

In line with the requirements of the QCA Code, an annual evaluation process is undertaken, led by the Chair, which considers the effectiveness of the Board, its committees and individual directors, highlighting relevant areas for improvement. A detailed questionnaire is completed by each director, with the results collected by the Chair, supplemented by a one-to-one meeting with each of the directors and the Chair. The results are then discussed by the Board. The most recent evaluation took place in early May 2025 and concluded that the Board and the Committee performances had been satisfactory. A number of suggestions emerged from the review which will be implemented in the months ahead, including ways to enhance aspects of performance reporting and monitoring the effects of geopolitical trends affecting the company and its customers.

The Board will undertake an external review of its performance within the next 24 months.

The Board's effectiveness is also assessed in an informal manner by the Chair on an on-going basis. The Chair has been tasked with assessing the individual contributions of each of the members of the team to ensure that their contribution is relevant and effective, they are committed and, where relevant, can continue to be considered independent.

The performance of the Chair is reviewed annually by means of a survey led by the Audit Committee Chair who canvasses views from directors and key advisers.

The Nomination Committee is responsible for considering succession planning and advising the Board accordingly. Refer to the Nomination Committee report on pages 58 to 59 for more detail.

Principle 9: Establish a remuneration policy which is supportive of long-term value creation and the company's purpose, strategy and culture

Refer to the Remuneration Committee Report on pages 47 to 53 for detail on remuneration practices across the company.

Principle 10: Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Group places a strong emphasis on the standards of good corporate governance and maintaining an effective engagement with its shareholders and key stakeholders, which it considers to be integral to longer-term growth and success and it aims to ensure that all communications concerning the Group's activities are fair, balanced and understandable.

Communications with shareholders and communications with other relevant stakeholders are described in detail above under 'Principle 3: Seek to understand and meet shareholder needs and expectations' and 'Principle 4: Take into account wider stakeholder interests, including social and environmental responsibilities and their implications for long-term success' respectively.

The Group's website sets out details of the Group and its activities, regulatory announcements and press releases, annual and half year reports, AGM notices, outcome of AGM votes and other governance materials required by the AIM Rules for companies and the QCA Code.



Stephen Davidson
Chair of the Board
19 May 2025

Remuneration Committee Report



On behalf of the Board,
I am pleased to present
Calnex's Remuneration
Committee Report for the
year ended 31 March 2024."



Introduction

This report outlines the Group's remuneration policy for its directors and shows how that policy was applied during the year. As the Company is quoted on the AIM Market of the London Stock Exchange ('AIM'), Calnex is not required to comply with Schedule 8 to the Large and Medium-sized Companies and Groups (Accounts and Reports).

Regulations 2008 and is under no obligation to prepare a directors' remuneration report. This section of the annual report has been prepared on a voluntary basis and fulfils the relevant requirements of Rule 19 of the AIM Rules for Companies.

Remuneration Committee Report continued

Members of the Remuneration Committee

The Remuneration Committee comprised the non-executive directors throughout the year and, up to and including 31 March 2025, was chaired by Margaret Rice-Jones. The Committee invites the executive directors to attend its meetings when appropriate. In exercising this role, the directors have regard to the recommendations set out in the QCA Code.

No director or senior manager is permitted to be involved in any decision as to his/her own remuneration.

The non-executive directors of the Committee have no personal financial interest, other than as shareholders, in the matters to be decided. They have no conflicts of interest arising from cross-directorships or from being involved in the day-to-day business of the Group.

Roles and responsibilities

The duties of the Remuneration Committee are set out in its terms of reference, which are available on the Company's website. The Remuneration Committee meets at least three times a year and its main responsibilities are:

- to ensure that the Company's remuneration policy attracts and retains employees with the right skills and expertise needed to enable the Company to achieve its goals and strategies;
- to ensure that fair and competitive compensation, with appropriate performance incentives, is awarded;
- to review the performance of the executive directors and make recommendations to the Board on matters relating to their remuneration and terms of service;
- to make recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any employee share option scheme or equity incentive plans in operation.
- for all long term incentive plans, to determine each year the overall number of awards and the individual awards to executive directors and senior management;
- to review and approve Group-wide salary increases and discretionary employee profit share payments; and
- to review any major changes in employee benefits structures throughout the Group.

The Committee met five times during the year to 31 March 2025. Activities included review and approval of:

- an extensive shareholder consultation process to propose an increase in the total number of share options awarded by the Company from 10% of ordinary share capital to 12.5% (see page 50 for detail);
- the executive directors' bonus plan structure;
- the executive directors' remuneration for the year ended 31 March 2025;
- the executive management team bonus plan structure;
- a review of the next phase of equity incentive arrangements for senior management; and
- share option awards and other equity related incentive schemes.

The members' attendance record at Committee meetings during the financial year is set out in the Corporate Governance report at page 44.

The Company allows executive directors to hold external directorships subject to agreement by the Chair on a case-by-case basis and, at the discretion of the Committee, to retain the fees received from those roles.

Directors' Remuneration for the year ended 31 March 2025 (unaudited)

The table below sets out the detailed emoluments of each director who served during the year:

	2025					2024
	Salary/fees £'000	Benefits in kind £'000	Bonus £'000	Pension £'000	Total £'000	Total £'000
Executive directors						
Tommy Cook ^{1,2}	155	6	–	–	161	211
Ashleigh Greenan ³	162	1	–	8	171	160
Non-executive directors						
Stephen Davidson	72	–	–	–	72	72
Graeme Bissett	52	–	–	–	52	52
Margaret Rice-Jones	50	–	–	–	50	50
Helen Kelisky	44	–	–	–	44	44
Total	535	7	–	8	550	589

1 A voluntary and temporary reduction was made to Tommy Cook's base salary received in FY25 as part of the cost control exercises undertaken by the Company. The contracted salary level remained in line with the prior year.

2 Benefit in kind figures for Tommy Cook include £4,700 relating to a company car.

3 Salary figures for Ashleigh Greenan include £7,500 car allowance.

The table above does not include the value of share options held by the directors, details of which are set out below.

The main components of executive directors' remuneration comprise:

- Basic salary
- Performance-related bonus
- Defined contribution to personal pension plan
- Other benefits such as car allowances, medical and life assurance
- Long term incentives (share option scheme)
- Share Incentive Plan participation (under HMRC rules, the SIP has to be open to all employees, including executive directors)

Basic salaries

The basic salary of the executive directors is reviewed annually by the Remuneration Committee, with changes, if any, taking effect on 1 April of each year, to take account of market and other factors.

Performance-related bonus

The executive directors participate in a bonus plan which is linked to the achievement of financial and individual performance targets set by the Remuneration Committee.

In the year to 31 March 2025, the bonus plan was structured to pay a maximum of 100% of annual basic salary for the Chief Executive Officer and the Chief Financial Officer.

Bonuses payable are subject to the discretion of the Remuneration Committee after considering an overall view of the Group's performances and its assessment of financial and personal performance.

In the year ended 31 March 2025, performance against targets resulted a bonus award for the Chief Executive Officer and the Chief Financial Officer of nil% (FY24: nil%), as a result of the Group's performance compared to budgeted targets for the year.

Pension contributions

The Chief Executive Officer does not participate in the Company pension scheme. A contribution of 5% per annum of basic salary is paid into the scheme by the Company, on behalf of the Chief Financial Officer.

Remuneration Committee Report continued

Other benefits

The Company pays for private healthcare for each executive director and 50% towards the cost of private healthcare for their immediate family, together with life assurance scheme cover. The Company provides a company car for the Chief Executive Officer and a company car allowance for the Chief Financial Officer.

Equity incentive schemes

During the period, the Remuneration Committee conducted a thorough review of the approach taken to the use of equity-based incentive schemes as part of overall remuneration across the business, to ensure that the remuneration structure remains appropriate to support the Company and incorporates evolving best practice and regulatory developments. As an innovative technology company, operating in an area of scarce skills, we compete for talent in a global market. As such, we have always believed that equity-based incentives distributed at all the levels of the company is a key tool for the Company to both attract and retain key talent. The Company has adopted a number of share-based and non-share-based incentive schemes, the terms of which are more particularly described below.

Amendment to Existing Incentive Schemes

The Company's admission to trading on AIM (Admission) in 2020 resulted in the exercise of all historic equity incentives awarded prior to Admission and, following this event, a significant number of non-performance based share options were issued to key staff and senior managers of the Company under new schemes put in place on Admission in order to retain, incentivise and reward those individuals for successfully implementing the Company's strategy and thereby creating shareholder value. Accordingly, approximately three million equity-based awards (representing 3.45% of the Company's issued ordinary share capital) were issued by the Company at that time. The rules of these schemes restrict the Company from issuing options over ordinary Shares exceeding 10% of the issued ordinary share capital of the Company (the 'Current Share Option Limit') in any 10-year rolling period, in line with the Investment Association's Share Capital Management Guidelines.

In 2023, the Company introduced a long-term incentive plan for executives and senior management (the 'LTIP'), with annual awards under the LTIP vesting over a 3-year period subject to the satisfaction of performance metrics (including EPS and absolute TSR). The Company currently makes annual grants of share-based awards.

In early FY25, the Board estimated that if it continues to make grants of awards in line with past practice, the Current Share Option Limit would be reached within 2 years. On reaching the Current Share Option Limit, the Company would be restricted from issuing further awards under all equity incentive schemes until Q4 in 2030 (at which point the aggregate number of share options granted by the Company at Admission would no longer be included in the calculation of the Current Share Option Limit).

Accordingly, in order to be able to retain, recruit and incentivise executives, senior management and key staff of the Company in line with past practice, the Board proposed to shareholders through a shareholder consultation in May 2024, followed by a General Meeting in October 2024, that the Current Share Option Limit be increased to 12.5% of the issued ordinary share capital of the Company in any rolling 10-year period. This additional headroom would be used until Q4 in 2030 and thereafter the Board's intention would be to seek to manage the number of options granted under all equity incentive schemes under the 10% level.

A significant number of the Company's principal institutional and individual shareholders were invited at that time to comment on the Board's plans during the shareholder consultation, with many contributing by way of written and verbal feedback. I would like to thank those shareholders who participated in this process and provided useful feedback to help us arrive at this proposal to increase the Current Share Option Limit.

An ordinary resolution was proposed with regards to this matter at the General Meeting on 2 October 2024 and was passed by a majority vote.

Non-performance based equity incentive schemes

The Company has long-term incentive schemes in place designed to provide retention for employees and alignment with shareholders which include schemes where no performance conditions are applicable to options under these schemes other than continued employment. These long-term incentives are provided through the operation of the following arrangements:

- Restricted Stock Units (RSUs) which enables non-tax advantaged nominal cost options to be granted to selected employees in the UK and the USA.

- Cash Restricted Stock Units (Cash RSUs) enables non-tax advantaged nominal cost shadow equity interests to be granted to selected employees and contractors worldwide, which are settled by way of a cash payment.
- Calnex Solutions plc EMI Share Option Plan (EMI Plan), which allows tax advantaged options to be granted over the Company's shares to selected employees of the Group (including executive directors) based in the UK. The Company is no longer eligible to grant EMI options to employees due to its size.
- Calnex Solutions plc Company Share Options Plan (CSOP Plan), which allows tax advantaged options to be granted over the Company's shares to selected employees of the Group (including executive directors) based in the UK.
- USA Incentive Stock Option Addendum to the EMI Plan (USA ISO Addendum): The EMI plan permits the Board to establish schedules to the Plan in order to adapt the Plan to other jurisdictions covering overseas employees and as a result, the Board has authorised an addendum in order to adapt the Plan to the tax laws of the United States, which allows tax advantaged options to be granted over the Company's shares to selected employees in the USA. The Company is no longer eligible to grant USA ISO Addendum options to employees due to its eligibility under the UK EMI scheme size rules.
- Calnex Solutions plc Unapproved Share Option Plan (Unapproved Plan) which enables non-tax advantaged options to be granted to selected employees and contractors worldwide; and
- Calnex Solutions plc Notional Share Option Plan (Notional Plan) which enables non-tax advantaged shadow equity interests to be granted to selected employees and contractors worldwide, which are settled by way of a cash payment. The price per share payable on exercise of any share options will normally be equal to the market value of a share on the date they were originally granted.

Details of options for directors who were in office at 31 March 2025 are as follows:

	2025			
	Type	No. of shares under option	Exercise price	Date of grant
Executive directors				
Ashleigh Greenan	EMI Plan	500,000	48p	05/10/2020

Two thirds (333,332) of the share options awarded have vested; the remaining third (166,666) vests in October 2025. No performance conditions are applicable to options under the EMI Plan other than continued employment.

Performance based Long Term Incentive Plan (LTIP)

The Committee implemented a performance based LTIP in the prior period, to ensure that the executive and senior management team are appropriately incentivised to continue to deliver performance against financial targets, which in turn generates long term sustainable value for shareholders. Annual awards granted under the LTIP are subject to performance metrics. This is in line with long term incentive structures typically adopted by larger AIM companies and Main Market companies.

The Committee granted FY25 awards to the executive and senior management team in July 2024, following the announcement of the Company's annual results for the year ending 31 March 2024 (the 'FY25 Awards').

Key terms of the performance based LTIP:

- Awards are structured as nominal cost share options which vest subject to the satisfaction of performance metrics.
- Awards are granted on an annual basis.
- The normal maximum opportunity will be up to 100% of salary in respect of a financial year. The Committee considers this to be market competitive taking into account the scale of the Company.
- Awards will vest subject to the satisfaction of performance metrics measured over three years. The FY25 Awards will be subject to performance metrics measured over the period 1 April 2024 to 31 March 2027.
- The performance metrics for the FY25 awards are Earnings Per Share (50% weighting) and absolute Total Shareholder Return (50% weighting). The Committee believes that these metrics incentivise the executive and senior management team to deliver long term top-line and profitable growth and provide alignment with shareholder interests.
- Threshold vesting for all measures will be set above market consensus at the time of award as a matter of policy. In recognition of the share price movements in FY24 ahead of the FY25 award the Committee used a baseline share price of 71p for the TSR calculation threshold (the 3-month average price from 1 January 2024 to 31 March 2024).

Remuneration Committee Report continued

- The awards will be subject to malus between the grant date and the vesting date and subject to clawback between the vesting date and the fifth anniversary of the grant date in specific circumstances.
- In line with good governance practice, the Committee will also have discretion to adjust the formulaic vesting outcome if it is not reflective of underlying financial performance during the performance period, including consideration of strategic progress over the three-year performance period.
- In order to further support stewardship and provide alignment with shareholders, shareholding guidelines are in place for Executive Directors. The Chief Executive Officer and Chief Financial Officer are required to build up and maintain a holding in Company shares equal to 200% of salary and 100% of salary respectively.
- In setting the targets for maximum vesting, the Remuneration Committee believes that it will set levels to be appropriately aligning with shareholder interests for a return to growth in both profit and share price. They represent a stretching set of targets which reflect the growing opportunity in data centres, cloud computing and a return of the telecoms market as 5G roll outs accelerate.

For FY25, we recognised the challenges in some of the markets we serve and the decline in the company's share price, and we were mindful of this when considering the quantum of LTIP and other option awards issued. As a result, Tommy Cook and Ashleigh Greenan and the other LTIP participants were granted awards of options at the level of 80% of salary.

The table below sets out the details of the executive directors' LTIP share options awarded to date:

	Date of grant	Earliest exercise date	Exercise price	No. of options awarded
Tommy Cook				
FY24 Award	5 June 2023	5 June 2026	1 pence	184,460
FY25 Award	15 July 2024	15 July 2027	1 pence	230,705
Ashleigh Greenan				
FY24 Award	5 June 2023	5 June 2026	1 pence	132,433
FY25 Award	15 July 2024	15 July 2027	1 pence	165,634

For the FY25 awards, the performance targets for Tommy Cook and Ashleigh Greenan were:

	FY25 Award ³		
	Weighting (% of award)	Threshold	Maximum
Vesting (% of maximum)¹		25%	100%
Earnings per share (pence)	50%	1.70	3.45
Total Shareholder Return (pence per share) ²	50%	27.1	62.1

For the FY26 awards, the performance targets for Tommy Cook and Ashleigh Greenan will be:

	FY26 Award ³		
	Weighting (% of award)	Threshold	Maximum
Vesting (% of maximum)¹		25%	100%
Earnings per share (pence)	50%	1.86	4.59
Total Shareholder Return (pence per share) ²	50%	34.1	63.1

Notes

- ¹ Vesting is on a straight-line basis between the Threshold and Maximum.
- ² Total Shareholder Return is the aggregate of: (a) the difference between the target share price at the end of the performance period compared to the baseline share price at the start of the performance period; and (b) the dividend amount:
 - a) The baseline share price at the start of the performance period is the average share price for the three months to 31 March, the end of the financial year prior to award.
 - b) The dividend amount is the per share amount of any dividend for which the ex-dividend date falls in the performance period, allowing for a 10% growth in dividend per share over the performance period.
- ³ Appropriate adjustments may be made to ensure fair and consistent performance measurement over the performance period in line with the business plan and intended stretch of the targets at the point of the award.

Executive directors' service contracts

The executive directors have entered into service contracts with the Group that are terminable by either party on no less than six months' notice.

Non-executive directors

The non-executive directors do not participate in performance related bonus or share based incentive arrangements. Each of the non-executive directors has a letter of appointment stating their annual fee. The level of fees for non-executive directors (other than the Chair) is determined by the Chair and the executive directors. The Chair's fees are determined by the Committee members other than the Chair. The appointment of non-executive directors may be terminated on one months' written notice at any time.

Share price information

The market price of the Calnex Solutions plc ordinary shares at 31 March 2025 was 45.5 pence and the range during the year was 45 pence to 71.5 pence.

Calnex Solutions plc Employee Share Incentive Plan (SIP)

The Company operates a Share Incentive Plan (SIP), an HMRC approved all-employee plan that offers the Company the ability to award equity to employees in a flexible and tax-advantaged manner. The SIP is open to all UK resident employees, including executive directors.

Employees can acquire Ordinary Shares (Partnership Shares) up to the lower of £1,800 or 10% of their salary in any tax year and will be awarded one additional Ordinary Share (Matching Shares) by the Company for every Ordinary Share they acquire. The Company can also award up to £3,600 worth of free Ordinary Shares (Free Shares) in any tax year per employee. Dividends paid on SIP shares are paid out in cash or re-invested to purchase further SIP shares (Dividend Shares). The Company currently opts to pay dividends out in cash.

Free and Matching Shares are subject to a holding period of three years and employees cannot remove them from the SIP during this period whilst they remain employed by the Company. These shares are held in trust in the name of the individual. Under the terms of this scheme, the Free and Matching Shares will be forfeited if the participant leaves the employment of the Company within this holding period unless the employee is a good leaver. If the employee withdraws any Partnership Shares within the same holding period, they will forfeit the corresponding Matching Shares unless they are a good leaver.

Once SIP shares have been held in the SIP for 5 years from the date of award there is no income tax or NICs to pay. Any increase in value whilst shares remain in the SIP is not subject to Capital Gains Tax.

Under the SIP Plan, shares may only be awarded to UK based employees of the Group. As the Board also wanted to have the discretion to grant awards to contractors and overseas employees, it was necessary to set up the separate Notional Plan. This Plan acts as a non-tax advantaged shadow equity interest plan to the SIP, mirroring the SIP awards for overseas employees and contractors with equity ownership being replaced by cash settlement.

Directors' share interests

The directors' shareholdings in the Company are shown in the Directors' Report on page 62.

**Margaret Rice-Jones**

Chair of the Remuneration Committee

19 May 2025

Audit Committee Report



On behalf of the Board,
I am pleased to present
Calnex's Audit Committee
Report for the year ended
31 March 2025."



Introduction

The Audit Committee is responsible for reviewing and monitoring the effectiveness of the Group's financial reporting and internal control policies, compliance with corporate governance and procedures for the identification, assessment, and reporting of risk.

It reviews reports from the executive management team and external auditors relating to the interim and annual accounts and the Group's accounting and internal control systems. The Audit Committee is also responsible for advising on the appointment of and overseeing the relationship with the external auditor.

Members of the Audit Committee

The Audit Committee comprised the non-executive directors throughout the year and is chaired by Graeme Bissett. The Committee invites the external auditor, executive directors and other senior managers to attend its meetings when appropriate.

The Audit Committee is considered to have sufficient, recent and relevant financial experience to discharge its functions.

Roles and responsibilities

The duties of the Audit Committee are set out in its terms of reference, which are available on the Company's website. The Committee's key functions include reviewing and advising the Board on:

- the integrity of the financial statements of the Group, including its annual and interim reports, preliminary results announcements and any other formal announcements relating to its financial performance;
- compliance with accounting standards and legal and regulatory requirements;
- decisions of judgement and risk affecting financial reporting;
- disclosures in the interim and annual report and financial statements;
- any change in accounting policies;
- the effectiveness of the Group's financial and internal controls;
- the Group's risk management processes, including principal risks and internal control findings highlighted by management or external audit;
- the appointment and remuneration of the external auditor;
- any significant concerns of the external auditor about the conduct, results or overall outcome of the annual audit of the Group; and
- any matters that may significantly affect the independence of the external auditor.

The ultimate responsibility for reviewing and approving the Annual Report and Accounts and Interim Report remains with the Board.

The Audit Committee has committed to meet no less than three times in each financial year. The Audit Committee met three times in the year ended 31 March 2025. The members' attendance record at Committee meetings during the year is set out in the Corporate Governance report at page 44.

Activities in the year ended 31 March 2025 included:

- the review and approval of the Group's Annual Report and Accounts for the year ended 31 March 2024;
- the review and approval of the Group's September 2024 Interim Report;
- the review and approval of the audit plan presented by the Group's auditors for the year ended 31 March 2025;
- the review of the independence of the Group's external auditors;
- the consideration of the reports from management and external auditors identifying any accounting or judgemental issues requiring the Board's attention; and
- the monitoring of internal controls and reviewing the Group's risk management framework.

The Audit Committee also met after the year end to approve the Group's Annual Report and Accounts for the year ended 31 March 2025. The Audit Committee reviewed and was satisfied that the judgements exercised by management on material items contained within the Group's Annual Report and Accounts are reasonable.

Audit Committee Report continued

Significant areas considered by the Committee in relation to the financial statements for the year ended 31 March 2025 are set out below:

Carrying value and capitalisation of intangible assets

Intangible assets as at 31 March 2025 have a carrying value of £14.3m, consisting of intellectual property of £0.5m, development costs of £11.7m and goodwill of £2.0m. These assets inherently carry a greater risk of error as their valuation is subject to management estimation.

£4.9m of expenditure has been capitalised as development costs in the year. Conditions for capitalisation are prescribed by IAS 38 Intangible Assets and the satisfaction of these criteria is subject to management judgement.

During the year, a review of the carried development costs brought forward has resulted in a disposal of £2.3m (FY24: £1.7m), and elimination of amortisation of £2.3m (FY24: £1.7m) resulting in a net book value impact of £nil (FY24: £nil). This reflects removal of aged spend on product features that are now considered to be superseded by current product developments.

Following the impairment review of the R&D asset, capitalised R&D of £0.2m with accompanying amortisation of £0.1m was fully impaired and removed from the intangible asset base.

Goodwill of £2.0m was also recognised on the April 2022 acquisition of iTrinegy Ltd. In compliance with the IAS 36 Impairment of Assets, the carrying value of goodwill within the consolidated financial statements of the Company was also tested for impairment. The Board believes that the goodwill figure fairly represents the benefits that Calnex's sales and distribution teams can bring to the NE-ONE product, which is evident in the sales volumes achieved in the year.

There have been no other indicators of impairment of the intangible assets balances in the year.

Share based payments

During the year to 31 March 2024, 386,000 share options were granted (2024: 26,550) exclusive of the long term incentive plan (LTIP). The fair value of share options granted has been estimated at the date of the grant using the Black-Scholes model. Expected volatility in the current year was determined by calculating the historical volatility of the Group's share price over the previous year, which the Board consider to be representative of future volatility.

Key assumptions used in the model included:

- Expected market volatility of 42.8%-66.6%;
- Risk free rate of 5%; and
- Dividend yield of 1.25%.

During the year a further management LTIP was awarded inclusive of market based vesting conditions (EPS and Total Shareholder Return (TSR)), over a vesting period of 3 years. To determine fair value, a Black-Scholes model was utilised for the EPS tranche, and a Monte Carlo valuation method was used for the TSR tranche.

Key assumptions used in the model included:

- Share price at grant date of 48.25p
- Dividend yield of 1.93%;
- Volatility of 37% (TSR tranche); and
- Risk free rate of 4.03% (TSR tranche).

External auditors

The Company engaged RSM UK Audit LLP (RSM) to act as external auditors for the year to 31 March 2025. RSM have been the Group's external auditors since September 2020. RSM is invited to attend Committee meetings when appropriate. The Audit Committee has unrestricted access to the external auditors and will also meet with them without management in attendance.

The external auditors prepare an audit plan which details the scope, materiality, key areas of focus and the timetable for audit. This plan is reviewed and agreed in advance by the Audit Committee. Following the completion of the audit, the external auditors present their findings to the Audit Committee for discussion.

Internal audit

The Audit Committee has considered the Group's internal control and risk management policies and systems, their effectiveness, and the requirements for an internal audit function in the context of the Group's overall risk management system. The Audit Committee is satisfied that the Group does not currently require an internal audit function, however, it will continue to review the situation.

Whistleblowing

The Group has in place a whistleblowing policy which sets out the formal process by which an employee of the Group may, in confidence, raise concerns about possible improprieties in financial reporting or other matters. During the year, there were no incidents for consideration.

**Graeme Bissett**

Chair of the Audit Committee

19 May 2025

Nomination Committee Report



On behalf of the Board,
I am pleased to present
Calnex's Nomination
Committee Report for the
year ended 31 March 2025."



Introduction

The Nomination Committee will regularly review the structure, size and composition of the Board and will also consider the selection and re-appointment of directors.



Members of the Nomination Committee

The Nomination Committee is chaired by Stephen Davidson and has Graeme Bissett, Margaret Rice Jones, Helen Kelisky and Tommy Cook as members. The Committee invites the Chief Financial Officer to attend its meetings when appropriate.

Roles and responsibilities

The duties of the Nomination Committee are set out in its terms of reference, which are available on the Company's website. The Committee's duties include:

- reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board, together with Board and senior management succession planning;
- recommending to the Board any changes required;
- identifying and nominating candidates to fill Board vacancies;
- reviewing the results of the Board performance evaluation process; and
- making recommendations to the Board concerning suitable candidates for the membership of the Board's Committees and the re-election of directors at the annual general meeting.

The Committee meets at least once a year and otherwise as required. It reports to the Board on how it has discharged its responsibilities. The members' attendance record at Committee meetings during the financial year is set out in the Corporate Governance report at page 44.

The Nomination Committee met on one occasion during the financial year ended 31 March 2025.

Activities in the year ended 31 March 2025 included:

- a review of the balance of skills, knowledge and experience of the Board together with the size, structure and composition of the Board, including a review of the succession plan for the Board and senior leadership team; and
- a review of the Committee's Terms of Reference.

The Nomination Committee performs an annual succession planning review, in conjunction with the Board and the Chief People Officer (CPO). The CPO attends the annual scheduled Nomination Committee meeting in August to update the Committee on key areas of succession planning activities across the business, including a review on plans for the Board and the senior leadership in the event of long-term absences (e.g. sickness) and departures from the business (retirement, resignation etc).

The Nomination Committee has a formal, rigorous and transparent procedure for the appointment of new directors to the Board. The process involves the Nomination Committee and Board interviewing suitable candidates who are proposed by an external search company. Careful consideration is given to ensure appointees have enough time available to devote to the role and that the balance of skills, knowledge and experience on the Board is maintained.

**Stephen Davidson**

Chair of the Nomination Committee
19 May 2025

AIM Compliance Committee Report



On behalf of the Board,
I am pleased to present
Calnex's AIM Compliance
Committee Report for the
year ended 31 March 2025."



Introduction

On behalf of the Board, I am pleased to present Calnex's AIM Compliance Committee Report for the year ended 31 March 2025.

Calnex Solutions plc is quoted on AIM and as a result the AIM Compliance Committee is responsible for ensuring that the Company has in place at all times sufficient procedures, resources and controls to enable it to comply with the AIM Rules.

Members of the AIM Compliance Committee

The AIM Compliance Committee is chaired by Graeme Bissett and has Stephen Davidson, Margaret Rice Jones, Helen Kelisky and Ashleigh Greenan as members. The Committee invites the Chief Executive Officer to attend its meetings when appropriate.

AIM Rule Compliance Report

The AIM Compliance Committee can confirm that the Group has complied with all of the Company's obligations under the AIM Rules, including AIM Rule 31 which requires the following:

- Have in place sufficient procedures, resources and controls to enable its compliance with the AIM Rules;
- Seek advice from its Nominated Advisor (Nomad) regarding its compliance with the AIM Rules whenever appropriate and take that advice into account;
- Provide the Company's Nomad with any information it reasonably requests in order for the Nomad to carry out its responsibilities under the AIM Rules for Nominated Advisors, including any proposed changes to the Board and provision of draft notifications in advance;
- Ensure that each of the Group's directors accepts full responsibility, collectively and individually, for compliance with the AIM Rules; and
- Ensure that each Director discloses without delay all information which the Group needs in order to comply with AIM Rule 17 (Disclosure of Miscellaneous Information) insofar as that information is known to the director or could with reasonable diligence be ascertained by the Director.

Meetings

The duties of the AIM Compliance Committee are set out in its terms of reference, which are available on the Company's website.

The Committee meets at least twice a year and otherwise as required. It reports to the Board on how it has discharged its responsibilities. The members' attendance record at Committee meetings during the year is set out in the Corporate Governance report at page 44.

The Committee met twice in the year to 31 March 2025.

**Graeme Bissett**

Chair of the AIM Compliance Committee

19 May 2025

Directors' Report

The Directors present the Group's annual report and the audited consolidated financial statements for the year ended 31 March 2025.

Principal activity

The principal activity of the Group is the design, production and marketing of test and measurement instrumentation and solutions, enabling its customers to validate the performance of critical infrastructure associated with telecoms networks, enterprise networks and data centres. A detailed explanation of the Group's principal activities and business model can be found in the Company Overview section at pages 6 to 11.

Results and Dividends

The Group's profit for the year after tax was £0.3m (FY24: £0.04m).

The Company paid an interim dividend of 0.31 pence per ordinary share on 16 December 2024 to those shareholders on the register as at 29 November 2024 (FY24 Interim dividend: 0.31p).

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

Directors and their interests

The directors, who held office during the year ended 31 March 2025 and up to the date of approval of these financial statements, are as follows:

Director	Board title	Date of appointment
Stephen Davidson	Non-Executive Chair	10 January 2022
Tommy Cook	Chief Executive Officer	27 March 2006
Ashleigh Greenan	Chief Financial Officer	15 May 2020
Graeme Bissett	Non-Executive Director	1 May 2020
Helen Kelisky	Non-Executive Director	17 January 2023
Margaret Rice-Jones	Non-Executive Director	10 January 2022

Biographical details of persons currently serving as directors are set out on pages 38 and 39.

The directors who held office at 31 March 2025 had the following interests in the ordinary shares in the capital of the Company:

Director	Ordinary shares No.	Ordinary EMI share options No.	Ordinary LTIP options No.
Stephen Davidson	25,000	–	–
Tommy Cook	17,377,764	–	415,165
Ashleigh Greenan	170,000	500,000	298,067
Graeme Bissett	186,711	–	–
Helen Kelisky	20,202	–	–

Financial risk management objectives and policies

Details of the Group's financial risk management objectives and policies are set out in note 22 to the consolidated financial statements. The key non-financial risks that the directors consider could have a material impact on the business are set out on pages 24 to 29 of the Strategic Report.

Research and development

The Group is highly focused on R&D, IP and product development to ensure its products remain at the forefront of their markets. Refer to the Market Overview section on pages 4 and 5 of the Strategic Report for more information. The total capitalised development expenditure for research and development in the year was £4.8m (FY24: £5.6m), and total amortisation was £4.3m in the year (FY23: £3.8m) in the consolidated income statement. Details of the Group's policy for the recognition of expenditure on research and development is set out in note 3 to the consolidated financial statements.

Future Developments

The Group's business activities, together with factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 24 to 29.

Insurance for Directors and Officers

The Company has agreed to indemnify its directors against third party claims which may be brought against them and has put in place a Directors' and Officers' insurance policy.

Substantial shareholdings

At 19 May 2025 the Company is aware of the following interests in 3% or more of the issued ordinary share capital in the Company:

Shareholder	Shares	% holding
Thomas (Tommy) Cook (CEO)	17,377,764	19.9%
BGF Investment Management Limited	10,515,500	12.0%
Close Brothers Group	7,912,957	9.0%
Scottish Enterprise	7,860,693	9.0%
Sanford DeLand Asset Mgt	3,200,000	3.7%
Liontrust Asset Mgt	3,071,359	3.5%
Hargreaves Lansdown Asset Mgt	2,935,218	3.4%

Share Capital

Details of the issued share capital, together with details of the movement in the Company's issued share capital during the year are shown in note 27 to the consolidated financial statements.

Independent Auditor and disclosure of information to auditor

The directors confirm that each of the persons who is a director at the date of approval of this annual report confirms that:

- so far as each director is aware, there is no relevant audit information of which the Group and Parent Company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

RSM UK Audit LLP were appointed as auditors on 18 September 2020 and have expressed their willingness to continue in office as auditors. A resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Information incorporated by reference

The Company Overview, Strategic Report and the Corporate Governance Report are incorporated by reference into this Directors' Report and should be read as part of this report.

The Company Overview and Strategic Report can be found on pages 2 to 37 and contain details of the Group's business model and strategic priorities. The purpose of the Strategic Report is to enable shareholders to assess how the Directors have performed their duty under Section 172 of the Companies Act 2006. An indication of the likely future developments in the business of the Group is also included in the Strategic Report, which satisfies the reporting requirements of section 414C (11) of the Companies Act 2016.

Going Concern

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

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

Approved by the Board of Directors on 19 May 2025 and signed on its behalf below.

By order of the Board.

Ashleigh Greenan

Chief Financial Officer and Company Secretary

19 May 2025

Statement of Directors' responsibilities

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and Company financial statements for each financial year. The directors have elected under company law and are required by the AIM Rules of the London Stock Exchange to prepare the Group financial statements in accordance with UK-adopted International Accounting Standards and have elected under company law to prepare the Company financial statements in accordance with UK-adopted International Accounting Standards and applicable law.

The Group and Company financial statements are required by law and UK-adopted International Accounting Standards to present fairly the financial position of the Group and the Company and the financial performance of the Group. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period.

In preparing each of the Group and Company financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. state whether they have been prepared in accordance with UK-adopted International Accounting Standards;
- d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Calnex Solutions plc website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board.



Ashleigh Greenan
Chief Financial Officer and Company Secretary
19 May 2025

Independent Auditor's Report to the Members of Calnex Solutions plc

Opinion

We have audited the financial statements of Calnex Solutions plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2025 which comprise the consolidated statement of comprehensive income, consolidated and company statements of financial position, consolidated and company statements of changes in equity, consolidated and company cash flow statements and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted International Accounting Standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2025 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards;
- the parent company financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards and as applied in accordance with the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Summary of our audit approach

Key audit matters	Group and Parent <ul style="list-style-type: none"> • Valuation and existence of intangible assets – development costs
Materiality	Group <ul style="list-style-type: none"> • Overall materiality: £409,000 (2024: £405,000) • Performance materiality: £306,000 (2024: £303,000) Parent Company <ul style="list-style-type: none"> • Overall materiality: £386,000 (2024: £388,000) • Performance materiality: £289,000 (2024: £291,000)
Scope	Our audit procedures covered 100% of revenue, 100% of total assets and 99.2% of profit before tax.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the group and parent company financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the group and parent company financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report to the Members of Calnex Solutions plc

continued

Valuation and existence of intangible assets – development costs

Key audit matter description	<p>We identified the valuation and existence of development costs as a key audit matter due to the significant management judgement required around the capitalisation of costs in line with IAS 38 – Intangible Assets and the subsequent commercialisation lifecycle and related amortisation period.</p> <p>The Group conducts a significant amount of development activity and has to identify projects meeting the IAS 38 criteria for capitalisation, and capture the specific costs associated with those projects. Management then have to identify an appropriate amortisation period, which aligns with the benefits derived from the development activity, again, requiring judgement and estimation.</p> <p>As disclosed in note 12, £4,836k of cost was capitalised in this regard in the year, amortisation of £4,271k was charged, as well as a net impairment of £167k, and the net book value of development costs as at 31 March 2025 was £11,718k.</p>
How the matter was addressed in the audit	<p>Our procedures in relation to the valuation and existence of development costs, held within Intangible Assets, included:</p> <ul style="list-style-type: none"> • Understanding and documenting management's procedures over the capitalisation of development costs. • Assessing the nature of costs capitalised. • Evaluating the appropriateness of costs capitalised, on a sample basis, by agreeing costs to supporting documentation including external invoices and payroll records. • Assessing whether costs may have been capitalised in respect of aborted projects or projects which are no longer revenue generative and considering the implications on gross and net book value. • Evaluating the amortisation period applied and its appropriateness in respect of the historic and future product lifecycle.

Our application of materiality

When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures. When evaluating whether the effects of misstatements, both individually and on the financial statements as a whole, could reasonably influence the economic decisions of the users we take into account the qualitative nature and the size of the misstatements. Based on our professional judgement, we determined materiality as follows:

	Group	Parent company
Overall materiality	£409,000 (2024: £405,000)	£386,000 (2024: £388,000)
Basis for determining overall materiality	6% of the average earnings before interest, tax, depreciation and amortisation over the last 3 financial years.	6% of the average earnings before interest, tax, depreciation and amortisation over the last 3 financial years.
Rationale for benchmark applied	EBITDA was used as a benchmark, as it was assessed that the shareholders' will be primarily interested in the group and parent company's ability to generate operating cashflows from which to pay future dividends.	
Performance materiality	£306,000 (2024: £303,000)	£289,000 (2024: £291,000)
Basis for determining performance materiality	75% of overall materiality	75% of overall materiality
Reporting of misstatements to the Audit Committee	Misstatements in excess of £20,000 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.	Misstatements in excess of £19,000 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

The group consists of 2 components, located in the United Kingdom and United States of America. The coverage achieved by our audit procedures was:

	Number of components	Revenue	Total assets	Profit before tax
Full scope audit	1	99.9%	99.6%	98.9%
Specific Audit Procedures	1	0.1%	0.4%	0.3%
Total	2	100%	100%	99.2%

There were no audit procedures undertaken by component auditors.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- checking the integrity and accuracy of the cashflow forecasts prepared by management;
- assessing the reasonableness of assumptions and explanations provided by management to supporting information, where available; and
- auditing the accuracy and consistency of disclosures made in the financial statements in respect of principal risks and going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Independent Auditor's Report to the Members of Calnex Solutions plc

continued

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 64, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the group and parent company operates in and how the group and parent company are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

The most significant laws and regulations were determined as follows:

Legislation/ Regulation	Additional audit procedures performed by the Group audit engagement team included:
IFRS; Companies Act 2006; and AIM listing rules	Review of the financial statement disclosures and testing to supporting documentation; and Completion of disclosure checklists to identify areas of non-compliance.
Tax compliance regulations	Inspection of advice received from external tax advisors and review of the corporation tax computation; and Consideration of disclosures in the financial statements.

The areas that we identified as being susceptible to material misstatement due to fraud were:

Risk	Audit procedures performed by the audit engagement team:
Revenue recognition	Performing data analytics on sales in the year and testing exceptions outside the normal expected sales cycle; Substantively testing the cut off and completeness of revenue transactions; Considering the appropriateness of revenue recognition policies and assessing their compliance with IFRS 15.
Management override of controls	Testing the appropriateness of journal entries and other adjustments; Assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and Evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Alan Aitchison

ALAN AITCHISON (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Third Floor, Centenary House
69 Wellington Street
Glasgow
G2 6HG

19 May 2025

Consolidated Statement of Comprehensive Income

	Note	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Revenue	4,5	18,386	16,274
Cost of sales		(4,623)	(4,327)
Gross profit		13,763	11,947
Other income	6	913	797
Administrative expenses		(14,239)	(13,361)
Operating profit/(loss)	7	437	(617)
Interest received		320	357
Finance costs	10	(37)	(124)
Profit/(loss) before taxation		720	(384)
Taxation	11	(383)	424
Profit and total comprehensive income for the year		337	40
Basic earnings per share	28	0.38	0.05
Diluted earnings per share	28	0.36	0.04

Consolidated and Company Statement of Financial Position

	Note	Group		Company	
		31 March 2025 £'000	31 March 2024 £'000	31 March 2025 £'000	31 March 2024 £'000
Non-current assets					
Intangible assets	12	12,255	12,110	11,750	11,337
Goodwill	13	2,000	2,000	–	–
Plant and equipment	14	187	341	187	341
Right-of-use assets	19	1,115	287	1,115	287
Deferred tax asset	20	299	1,246	299	1,246
		15,856	15,984	13,351	13,211
Current assets					
Inventories	15	5,358	5,373	5,358	5,373
Trade and other receivables	16	5,669	3,340	5,843	3,570
Corporation tax receivable		684	435	713	435
Cash and cash equivalents	17	10,912	11,868	10,757	11,683
		22,623	21,016	22,671	21,061
Total assets		38,479	37,000	36,022	34,272
Current liabilities					
Trade and other payables	18	5,467	4,845	5,438	4,804
Lease liabilities	19	289	220	289	220
		5,756	5,065	5,727	5,024
Non-current liabilities					
Trade and other payables	18	1,411	1,510	1,411	1,510
Lease liabilities	19	928	195	928	195
Deferred tax liabilities	20	2,940	2,877	2,814	2,683
Provisions	21	–	15	–	15
		5,279	4,597	5,153	4,403
Total liabilities		11,035	9,662	10,880	9,427
Net assets		27,444	27,338	25,142	24,845
Equity					
Share capital	27	110	109	110	109
Share premium		7,671	7,511	7,671	7,511
Share option reserve	25	1,764	1,414	1,764	1,414
Retained earnings		17,899	18,304	15,597	15,811
Total equity		27,444	27,338	25,142	24,845

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

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



Ashleigh Greenan
Director
19 May 2025

Consolidated Statement of Changes in Equity

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

Company Statement of Changes in Equity

	Share capital £'000	Share premium £'000	Share option reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 31 March 2023	109	7,495	873	16,355	24,832
<i>Transactions with owner in their capacity as owners</i>					
Share options exercised	0	16	(195)	195	16
Share options	–	–	736	–	736
Dividends paid	–	–	–	(814)	(814)
Total transactions with owner in their capacity as owners	0	16	541	(619)	(62)
Total comprehensive income for the year	–	–	–	75	75
Balance at 31 March 2024	109	7,511	1,414	15,811	24,845
<i>Transactions with owner in their capacity as owners</i>					
Share options exercised	1	160	(72)	72	161
Share options	–	–	422	–	422
Dividends paid	–	–	–	(814)	(814)
Total transactions with owner in their capacity as owners	1	160	350	(742)	(231)
Total comprehensive income for the year	–	–	–	528	528
Balance at 31 March 2025	110	7,671	1,764	15,597	25,142

Consolidated and Company Cash Flow Statement

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

Notes to the Financial Statements

1. General information

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

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

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

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

2. Basis of preparation

(a) Statement of compliance

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

(b) Basis of accounting

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

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

(c) Functional and presentation currency

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

(d) Basis of consolidation

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

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

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

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

Notes to the Financial Statements continued

2. Basis of preparation continued

(e) Going Concern

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

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

3. Significant accounting policies

(a) Revenue recognition

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

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

The Group recognises revenue from the following major sources:

Hardware & software revenue

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

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

Extended warranty programme

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

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

- i) The Group's historical experience demonstrates no statistically significant variation in the quantum of services provided in each year of a multi-year contract; and
- ii) no reliable prediction can be made as to if and when any individual customer will require service.

Software support programme

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

Grant income

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

3. Significant accounting policies *continued*

(b) Retirement benefit costs

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

(c) Share-based payments

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

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using the Black-Scholes option pricing model, or a Monte-Carlo analysis that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. There are no other vesting conditions.

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

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

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

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

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

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

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

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

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

Notes to the Financial Statements continued

3. Significant accounting policies continued

(d) Taxation

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

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

(e) Business Combinations

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

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

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

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

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

(f) Intangible assets

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

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

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

3. Significant accounting policies continued

(f) Intangible assets continued

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

(g) Financial assets

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

(h) Plant and equipment

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

Plant and machinery	25-33% straight line
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The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate these values may not be recoverable. If there is an indication that impairment does exist, the carrying values are compared to the estimated recoverable amounts of the assets concerned.

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

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

(i) Right-of-use assets

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

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

(j) Inventories

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

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

Notes to the Financial Statements continued

3. Significant accounting policies continued

(k) Trade and other receivables

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

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

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

(l) Cash and cash equivalents

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

(m) Short term investments

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

(n) Borrowings

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

(o) Trade and other payables

Trade payables are non-interest-bearing and are measured at amortised cost.

(p) Provisions

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

(q) Financial liabilities

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

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

(r) Lease liabilities

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

3. Significant accounting policies *continued*

(r) Lease liabilities *continued*

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

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

(s) Foreign currency

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

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

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

(t) Dividends

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

(u) Value Added Tax

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

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

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

(v) Earnings per share

Basic earnings per share

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

Diluted earnings per share

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

Notes to the Financial Statements continued

3. Significant accounting policies continued

(w) Critical judgements in applying the Groups accounting estimates

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

Share-based payment transactions

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

Useful lives

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

Intangible assets

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

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

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

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

(x) New accounting standards

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

4. Operating Segments

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

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

5. Revenue

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

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

6. Other income

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

7. Material operating profit items

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Operating profit for the year is stated after charging/(crediting):		
Equity settled share-based payments	445	756
Cash settled share based payments	(13)	(10)
Reversal of non-employee vendor contingent consideration	–	(334)
Unwinding of discount on contingent consideration for non employee vendors	–	104
Inventory recognised as an expense	3,186	3,111
Non R&D depreciation and amortisation	714	423
Amortisation of R&D asset	4,271	4,053
Auditor's remuneration		
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	53	47
Total fees payable for audit services	53	47

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

Notes to the Financial Statements continued

8. Employee benefits costs

Average monthly number of employees

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

Employee costs during the year (including directors remuneration) amounted to:

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

9. Key management personnel emoluments

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

Key management refers to the directors of the Group.

10. Finance costs

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

11. Taxation

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Current taxation		
UK corporation tax on profits for the year	160	-
Foreign current tax expense	30	192
Adjustments relating to prior years	(794)	(42)
	(604)	150
Deferred taxation		
Origination and reversal of temporary differences	27	(580)
Adjustments relating to prior periods	960	6
	987	(574)
Total taxation charge/(credit)	383	(424)
	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Profit/(loss) before tax for the year	720	(384)
Tax thereon at 25% (2024: 25%)	180	(96)
Effects of:		
Expenses disallowable for tax purposes	(63)	(321)
Adjustments in respect of prior periods – current tax	(872)	(42)
Adjustments in respect of prior periods – deferred tax	960	6
R&D credit	59	(530)
Timing differences not recognised in the computation	64	460
Deferred tax (charged)/credited directly to equity	(23)	(20)
Overseas tax	78	119
Taxation charge/(credit)	383	(424)

12. Intangible assets

Included within intangible assets are the following significant items:

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

Notes to the Financial Statements continued

12. Intangible assets continued

	Intellectual property £'000	Development Costs £'000	Group Total £'000
Cost			
At 1 April 2024	3,545	34,260	37,805
Additions	28	4,836	4,864
Disposals	(14)	(2,343)	(2,357)
Impairments	–	(229)	(229)
At 31 March 2025	3,559	36,524	40,083
Amortisation			
At 1 April 2024	2,756	22,939	25,695
Charge for the year	281	4,271	4,552
Eliminated on disposal	(14)	(2,343)	(2,357)
Impairments	–	(62)	(62)
At 31 March 2025	3,023	24,805	27,828
Net book value			
31 March 2024	789	11,321	12,110
31 March 2025	536	11,719	12,255
	Intellectual property £'000	Development Costs £'000	Company Total £'000
Cost			
At 1 April 2024	2,237	34,260	36,497
Additions	28	4,836	4,864
Disposals	(14)	(2,343)	(2,357)
Impairments	–	(229)	(229)
At 31 March 2025	2,251	36,524	38,775
Amortisation			
At 1 April 2024	2,221	22,939	25,160
Charge for the year	13	4,271	4,284
Eliminated on disposal	(14)	(2,343)	(2,357)
Impairments	–	(62)	(62)
At 31 March 2025	2,220	24,805	27,025
Net book value			
31 March 2024	16	11,321	11,337
31 March 2025	31	11,719	11,750

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

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

13. Goodwill

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

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

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

Key assumptions used in the value in use calculation:

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

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

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

Notes to the Financial Statements continued

14. Plant and equipment

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

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

15. Inventories

	Group		Company	
	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Finished goods	6,281	5,875	6,281	5,875
Provision for obsolescence	(923)	(502)	(923)	(502)
	5,358	5,373	5,358	5,373
Cost of inventories recognised as an expense	3,186	3,111	3,186	3,111
<i>Group inventories reflect the following movement in provision for obsolescence:</i>				
At start of the financial year	502	307	502	307
Utilised	—	—	—	—
Provided	421	195	421	195
At end of the financial year	923	502	923	502

16. Trade and other receivables

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

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

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

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

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

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

Ageing of past due but not impaired trade receivables

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

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

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

Notes to the Financial Statements continued

17. Cash and cash equivalents

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

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

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

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

18 Trade and other payables

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

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

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

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

19. Leases

Right of use assets

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

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

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

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

Right-of-use assets

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

Notes to the Financial Statements continued

19. Leases continued

Lease liabilities

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

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

Lease commitments for short-term and low value leases

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

Amounts recognised in the income statement

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

Amounts recognised in statement of cashflows

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

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

20. Deferred tax**Deferred tax asset**

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

Deferred tax liability

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

21. Provisions

	Group		Company	
	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
<i>Non-current provisions</i>				
Dilapidations	–	15	–	15

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

22. Financial instruments

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

Notes to the Financial Statements continued

22. Financial instruments continued

Capital management

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

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

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

(a) Categories of financial instruments

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

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

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

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

Financial risk management objectives

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

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

22. Financial instruments continued**Financial risk management objectives** continued**(b) Market risks****Foreign currency risk**

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates.

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

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

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

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

Interest rate risk

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

Other market price risk

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

(c) Credit risk management

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

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

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

Trade and other receivables

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

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

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

Notes to the Financial Statements continued

22. Financial instruments continued

(c) Credit risk management continued

Trade and other receivables continued

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

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

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

Days past due	0	1-30	31-60	>60	Total
2025					
Balance outstanding (£'000)	3,930	1,181	191	12	5,314
Historic loss rate	0%	0%	0%	0%	
Estimated credit loss provision	0.25%	1%	1.5%	2%	
Potential credit loss allowance (£'000)	10	12	3	0	25
2024					
Balance outstanding (£'000)	2,779	56	12	74	2,921
Historic loss rate	0%	0%	0%	0%	
Estimated credit loss provision	0.25%	1%	1.5%	2%	
Potential credit loss allowance (£'000)	7	1	0	1	9

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

Cash

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

(d) Liquidity risk management

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

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

	1 year or less £'000	1 to 2 years £'000	2 to 5 years £'000	Over 5 years £'000	Total liabilities £'000
31 March 2025					
Trade payables	987	–	–	–	987
Other payables	1,044	–	–	–	1,044
Lease liabilities	289	312	278	338	1,217
	2,320	312	278	338	3,248
31 March 2024					
Trade payables	913	–	–	–	913
Other payables	970	–	–	–	970
Lease liabilities	220	133	64	–	417
	2,103	133	64	–	2,300

23. Retirement benefits

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

24. Share-based payments

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

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

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

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

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

Equity options in issue at 31 March 2025	4,863,850
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As at 31 March 2025	Tranche	Tranche	Tranche	Tranche
Number of option awards in issue	386,000	1,959,633	2,463,217	55,000
Exercise price (pence)	1	48	112-118	155-158
Share price as at 31 March 2025 (pence)	46	46	46	46
Weighted average share price for year ended 31 March 2025 (pence)	57	57	57	57
Number of options available to exercise at 31 March 2025	–	1,242,966	492,834	–
Average period remaining of options in issue (months)	–	109	119	–

Notes to the Financial Statements continued

24. Share-based payments continued

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

	Year ended 31 March 2025	Year ended 31 March 2024
Options issued	25,000	–
Weighted average share price (pence)	46	–
Weighted average exercise price (pence)	1	–
Vesting period (years)	3–5	–
Option life (years)	10	–
Fair value at reporting date (£'000)	9	–
As at 31 March 2025		
Number of awards in issue	25,000	188,500
Exercise price (pence)	1	115-118
Share price as at 31 March 2025 (pence)	46	59
Weighted average share price for year ended 31 March 2025 (pence)	46	92
Number of options available to exercise at 31 March 2025	nil	nil

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

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

As at 31 March 2025	TSR Tranche	EPS Tranche	Revenue Tranche	Total
Options in issue FY24 Management LTIP	157,181	314,361	157,181	628,723
Fair value (£'000)	72	340	170	582
Exercise price (pence)	1	1	1	
Options available to exercise at 31 March 25	Nil	Nil	Nil	
Options in issue FY25 Management LTIP	393,172	393,173	–	786,345
Fair value (£'000)	24	177	–	201
Exercise price (pence)	1	1	–	
Options available to exercise at 31 March 25	Nil	Nil	–	

25. Share option reserve

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

26. Group companies

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

27. Called up share capital

As at 31 March 2025, the Company had 87,891,636 (2024: 87,558,302) issued and fully paid Ordinary Shares held at a nominal value of 0.125p. During the year, exercise of share options resulted in 333,334 shares being issued.

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

28. Earnings per share

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

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

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

29. Notes to the Statement of Cashflow

Reconciliation of changes in liabilities to cashflows arising from financing activities

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

Notes to the Financial Statements continued

30. Share schemes

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

UK Employee Share Incentive Plan (UK SIP)

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

Non-UK Employee Incentive Plan

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

31. Dividends

All dividends are determined and paid in Pound Sterling.

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

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

32. Alternative performance measures (APMs)

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

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

Key performance measures:

Underlying EBITDA: EBITDA after charging R&D amortisation

Reconciliation of statutory figures to alternative performance measures – Income Statement

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

Company Information

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