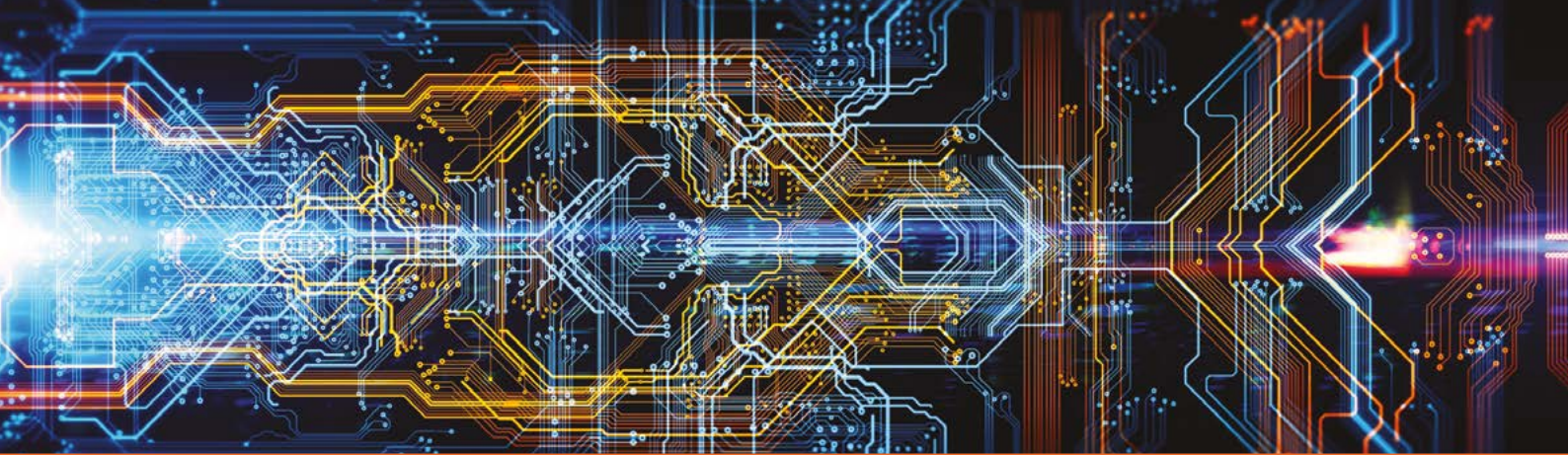


Annual Report and Accounts 2025

Unifying devices under one seamless network





Delivering IoT Excellence!

Imagine a world where all devices communicate under one seamless network - a world of unmatched connectivity and operational efficiency. This isn't just our dream; it's our mission.

Join us as we transform the future of Internet of Things (IoT) communications.

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CYANCONNODE ANNUAL REPORT & ACCOUNTS 2025

CyanConnode at a Glance

Vision

To empower our customers with sustainable and universal communication solutions, enabling seamless integration and boosting overall efficiency.

Our vision at CyanConnode goes beyond mere connection. It's about unity. It's about transforming the landscape of IoT communications to create a future where all devices speak a common language, under a **universal Canopy**. We are not just aiming to be leaders in the IoT communications field, but pioneers paving the way for seamless connectivity.

Mission

At CyanConnode, our mission outlines our method and approach towards our vision. We are committed to delivering comprehensive communication solutions that uphold sustainability, promote transformation, and streamline efficiency. Our mission encapsulates our dedication to create a unified, seamless network, ushering in a new era of IoT communications. We believe in empowering our customers with solutions that are not only cutting-edge but also aligned with our collective responsibility towards a sustainable future.

Values

Values at CyanConnode are not just words on a wall; they are the principles that guide our every decision and the foundation on which our culture thrives. Centred around Ownership, they shape our attitude towards our work, our colleagues, our customers, and the world. Ownership embodies our commitment, responsibility, and pride in what we do. It is the core, the heart that infuses life into our values.



Ownership

Taking responsibility and pride in our work, driving everything we do



Integrity

Upholding ethical practices and honesty in all our actions



Adaptability

Embracing change and innovation to stay ahead



Excellence

Striving for the highest standards in everything we do



Collaboration

Working together to achieve shared goals

At CyanConnode, our values operate like a canopy - ensuring seamless, continuous communication and interconnectedness. At the very core of this mesh lies Ownership, symbolising our prime responsibility and direction. Radiating from it are Collaboration, Adaptability, Excellence, and Integrity - values that resonate as the foundational nodes of our ethos. Just as in a Radio Frequency mesh, where every node has a role to play, every intersection of our values represents a synergy. This meshed approach signifies not just our method of operation but our deep-seated commitment to excellence in IoT.



Our Strategy

Enhancing Growth, Operational Excellence, and Shareholder Value

CyanConnode operates in a competitive market that demands innovative solutions, strategic foresight, and a commitment to delivering value for all stakeholders. This strategic plan aims to position CyanConnode for sustainable growth, strengthen market presence, and enhance shareholder value, leveraging its technological expertise and commitment to excellence.

The Group's long-term strategy is to deliver shareholder returns by generating revenue and moving into profitability.

It seeks to do this by focusing its resources on emerging but fast-growing markets where it believes it can reach a market leading position with its technology.

Core Strategic Objectives

- Innovation and Product Development: Continuously enhance CyanConnode's product offerings, focusing on cutting-edge technology, scalability, and reliability to meet evolving market needs
- Market Expansion: Identify and penetrate untapped geographical markets to increase revenue streams and diversify risks
- Operational Efficiency: Streamline processes to reduce costs, improve productivity, build sufficient capacity and maintain high operational standards
- Shareholder Value: Execute strategies that yield long-term financial growth and deliver competitive returns to shareholders

Strategy for Shareholder Value

Financial Performance and Stability

CyanConnode will focus on maintaining robust financial health by increasing revenue, optimizing costs, and achieving and maintaining consistent profitability. This includes:

- Driving revenue growth through new contracts and partnerships
- Ensuring a disciplined approach to cost management
- Building sufficient capacity to fulfil rapidly growing customer demand
- Maintaining a healthy balance sheet

Communication and Strategy

To build trust and confidence among shareholders:

- Regularly report financial performance through clear and comprehensive updates
- Engage in proactive communication about business strategies and outcomes
- Host investor meetings and presentations to foster open dialogue

Growth-Oriented Investment

Balanced investments in research and development (R&D), infrastructure, and talent acquisition will ensure CyanConnode remains competitive and innovative. These investments will drive long-term growth, ultimately benefiting shareholders.

Value-Driven Leadership

Ensure that the leadership team aligns its decision-making processes with the goal of creating shareholder value, incorporating accountability and strategic foresight.

Key Pillars of CyanConnode's Growth Strategy

Innovation as a Growth Engine

Leverage CyanConnode's expertise in smart communication networks to develop technologies that cater to modern application demands across critical industries. Invest in R&D to stay ahead of competitors and become a preferred partner in the sector.

Global Market Expansion

Identify opportunities in emerging markets where smart communication solutions are increasingly in demand. Establish partnerships with local entities to facilitate smoother entry into these regions and tailor offerings to meet local needs.

Customer-Centric Approach

Focus on building long-term relationships with clients by delivering exceptional value, reliability, and service. Continually gather feedback to improve and innovate products and services.

Operational Excellence

Adopt lean management principles to eliminate inefficiencies, reduce overhead costs, and maximise output. Prioritise sustainability practices to appeal to eco-conscious investors and customers.

OUR STRATEGY

Monitoring and Evaluation

Management uses KPIs to track business performance, to understand general trends and to consider whether the Group is meeting its strategic objectives. As it grows it intends to review these KPIs and adapt them as appropriate, in response to how the business and strategy evolves.

KPIs tracked during the year are set out on page 32 of the Financial Review.

Conclusion

CyanConnode's strategy as a listed company focuses on balanced growth, operational efficiency, and unwavering commitment to enhancing shareholder value. By combining innovation, market expansion, and financial prudence, CyanConnode aims to establish itself as a leader in its industry while delivering continual returns to its shareholders.

CYANCONNODE ANNUAL REPORT & ACCOUNTS 2025

Highlights

John Cronin, Chief Executive of CyanConnode commented:

“While FY25 was a transformational year for the Company in India, its largest smart metering market, as announced in our trading statement on 28 April 2025, anticipated deployment momentum did not materialise at the expected pace, and as a result, revenues were 24% lower than the prior year. This was primarily due to election-related uncertainty amongst businesses and short-term consumer resistance to smart metering, factors we do not expect to recur.

Importantly, no orders have been lost, only deferred, and the strength of our current pipeline positions us well for the periods ahead. We’ve entered FY26 with positive momentum, evidenced by a significant uplift in shipments of modules, as shown in the table in the Post-Period Highlights on the next page.

Despite these delays on the ground, we more than tripled our contracted outstanding order book, from £50 million to £180 million, demonstrating the strong underlying demand for our technology and the success of our commercial strategy. We are particularly encouraged by our recent success in securing a landmark c.£70 million contract with the Government of Goa, our first as an Advanced Metering Infrastructure Service Provider (AMISP). While deployment of this project has yet to commence, it represents a major step forward and is expected to be a key contributor to future revenues, underpinning management’s confidence in returning to the strong revenue growth seen in the years prior to FY25.

In light of the inherent challenges in forecasting revenue timing in large infrastructure projects, the Board has adopted a more conservative approach to its forecasting. To enhance transparency and help stakeholders track operational progress, going forward CyanConnode intends to provide quarterly updates on business progress.”

Financial highlights

- Revenue of £14.2m in FY25 (FY24¹: £18.7m), largely as a result of delays in deployments outside of the Group’s control
- Gross profit reduced to £4.9m in FY25 (FY24: £5.6m), as a result of the lower revenue
- Gross margin increased to 35% in FY25 (FY24: 30%), due to the release of newer, lower cost products (in particular, gateways) not using end-of-life components purchased at a premium. Targeting a gross margin of 30-37% in the first two years of each project, moving to 90% thereafter
- Operating costs remained stable at £9.1m in FY25 (FY24: £9.0m)
- Operating loss decreased to £3.8m in FY25 (FY24: £4.2m), despite the lower revenues, due to the improved gross margin %. FY24 had also included an impairment to intangible assets of £0.79m
- EBITDA loss also decreased to £3.5m in FY25 (FY24: £3.8m)
- Loss before tax decreased to £3.7m (FY24: £4.2m)
- Adjusted EBITDA² loss remained constant at £2.8m in FY25 (FY24: £2.8m loss), with the lower revenues being offset by higher gross margin % and no impairment to intangible assets
- Increase in cash and other financial assets to £5.8 in FY25 (FY24: £0.8m) following the receipt of a short-term loan for £5m received in March 2025 from significant shareholder, Axia Investments Limited (“Axia”) and a capital raise of £5.4m (before expenses) in September 2024. The short-term loan from Axia was repaid in June. The cash figure of £5.8m provided in our Trading Statement on 28 April 2025 included £2.5 million which is held in a fixed deposit in the UK, (refer to note 19), against which an overdraft facility of the equivalent amount in India has been secured. At 31 March 2025, £1.3m of the overdraft had been utilised (refer to note 25)
- Cash collected from customers decreased to £14.2m in FY25 (FY24: £16.9m) as a result of the decrease in revenues

1 The majority of the Group’s revenues are received in rupees for India and US dollars for the rest of world, whilst accounts are reported in Pound Sterling. Foreign exchange volatility can have an impact, at times significant, on the reported figures.

2 Where Adjusted EBITDA is operating loss before amortisation, depreciation, inventory impairment, impairment of intangible assets, share-based compensation and foreign exchange losses.

HIGHLIGHTS

Key Operational highlights

- Orders for 7.7m modules won in India during the period (FY24: 2.7m modules) taking the cumulative order book to 14m
- CyanConnode India's subsidiary, DigiSmart Networks Private Ltd successfully empanelled as an Advanced Metering Infrastructure Service Provider ("AMISP") for both Radio Frequency ("RF") and cellular, making it eligible to bid for smart metering contracts under the Revamped Distribution Sector Scheme ("RDSS"). First tender was submitted as an AMISP in November 2024 for a project with the Goa Electricity Department for c. 750,000 meters
- Setup of subsidiary in United Arab Emirates to promote business in the Middle East and North Africa (MENA) region
- Follow-on order with a value in excess of \$1 million won, for cellular gateways in the Middle East and North Africa ("MENA") region
- Appointment of Non-Executive Director, Lyndon Faulkner

Post-Period Highlights

Modules Shipped Q1 Comparison

Metric	Q1 FY26	Q1 FY25	Variance	FY 25
Modules	568,000	170,000	398,000	1,257,000

Commentary

CyanConnode shipped 568,000 Omnimesh modules in Q1 26, compared to 170,000 in Q1 25 - an increase of 398,000 modules, reflecting a significant acceleration in delivery momentum. It should be noted that not all of the Group's revenue is recognised from shipment of modules in India, but can include revenue from software and services in India, as well as shipments of orders in the rest of the world. In addition, as mentioned in the footnote on the previous page, the majority of the Group's revenues are received in rupees for India and US dollars for the rest of world, whilst accounts are reported in Pound Sterling. Foreign exchange volatility can have an impact, at times significant, on the reported figures.

Other Post-Period Highlights

- Award of contract for a project for circa 750,000 meters in Goa which is now fully funded and resources without any further capital requirements from the Group
- Successful issue of convertible loan notes for \$15 million in aggregate, enabling the repayment of the £5m short-term loan from Axa, with the balance being used to support the Company's broader working capital and business development activities
- Appointment of Björn Lindblom as Non-Executive Chairman, with John Cronin moving to role of Group CEO, strengthening corporate governance
- Win ratio of >20% in terms of volumes for RDSS tenders in India

Group CEO's Report



I am pleased to report on the Company's trading performance for the 12 months ended 31 March 2025. Over the period, the business has made significant progress and firmly established its position as a leading player in the smart metering sector—most notably in India, but also in other key international markets. With the contracted, outstanding order book increasing to £180 million, the Company now has strong visibility over future revenues and is well positioned to deliver sustained growth.

Key Highlights for CyanConnode India from FY25 are as below:

- **New Orders** - CyanConnode secured new orders totalling approximately 7.7 million modules during FY25, reinforcing its leadership position in India's ambitious smart metering rollout.
- **Strategic Expansion**: Our wholly owned subsidiary, DigiSmart Networks Pvt. Ltd. ("DigiSmart"), was officially certified as an AMISP under RDSS. This certification positions DigiSmart to independently execute end-to-end smart metering projects.
- **AMISP Win in Goa**: In December 2024, DigiSmart was declared L1 (preferred bidder) for its first AMISP contract to deploy c.750,000 smart meters in Goa under the RDSS scheme. This landmark win marks a transformative moment for CyanConnode, as it takes full responsibility for end-to-end project execution. The contract was signed in May 2025; however, the Letter of Intent was received from Goa in April 2025.
- **Contributions to Policy Standardisation**: CyanConnode served as an active member of the expert committee on standardization and interoperability of AMI layers. The Ministry of Power, based on the committee's recommendations, released the Guidelines for Standardization and Interoperability in AMI Systems in January 2025, covering end-to-end communication between Smart Meters, HES, and MDMS.
- **Industry Engagement and Thought Leadership**: During the year, CyanConnode participated in prominent industry forums, including Metering India, Elecrama 2025 (IEEMA), and India Smart Utility Week 2025 (ISGF). The company showcased its hybrid IoT communication solutions and shared insights on emerging technologies shaping the future of smart energy systems.
- **Engagement with Policymakers**: CyanConnode engaged directly with the Chief Ministers of Rajasthan and Madhya Pradesh, fostering strategic dialogues to accelerate smart metering initiatives and strengthen public-private collaboration.
- **Open Agreement with IntelliSmart**: CyanConnode has entered into an open agreement with IntelliSmart Infrastructure Private Limited ("IntelliSmart") to deploy smart meters on a pan-India basis. Under this agreement, CyanConnode will provide Consumer Indexing, Meter Installation, and Operations & Maintenance services for IntelliSmart's ongoing and upcoming smart metering projects across India. This agreement marks a significant step in strengthening CyanConnode's role in the execution and long-term management of Advanced Metering Infrastructure deployments under RDSS.
- **Technology Innovation and Product Leadership**: CyanConnode continues to develop solutions tailored to the evolving needs of utilities and next-generation energy infrastructure:

GROUP CEO'S REPORT

- o **In-Meter Gateway:** CyanConnocode has developed an advanced In-Meter Gateway solution that integrates communication capabilities directly within smart meters. This innovation enables meters to operate within an RF mesh network, dynamically and seamlessly switch to cellular connectivity when required, based on real-time network conditions.

The In-Meter Gateway significantly reduces deployment time and simplifies field operations by eliminating the need for external communication modules, making it faster and easier to deploy at scale. Its compact architecture and embedded intelligence support edge computing, enabling localized processing, faster response times, and optimized transmission of small data packets to the Head-End System (HES).

This design not only improves operational efficiency but also enhances network resilience and uptime, supporting utilities in achieving higher SLAs. The gateway's robust connectivity helps address common consumer concerns around meter reliability and billing accuracy, thereby reducing resistance to adoption and facilitating smoother rollout across varied terrains.

- o **Unified Head-End System (UHES):** The UHES platform enables seamless integration and centralized management of both RF and cellular communication technologies. With a unified interface for data visibility, control, and diagnostics, it simplifies utility operations, enhances real-time monitoring, and supports large-scale rollouts across diverse geographies.

India Market

Overview of FY25

India's smart electricity metering landscape entered a decisive phase in FY25, marked by strong policy backing, and growing private sector participation. With over 13 million smart meters installed during the year, the country still has some way to go toward achieving its ambitious target of 250 million meters (which we understand is likely to increase to 330 million). As the government considers extending the RDSS deadline to FY27–28, the focus is now shifting to full-scale execution - integrating data systems, enhancing consumer engagement, and delivering measurable gains in billing efficiency and loss reduction. While challenges around scale and coordination remain, India's power sector is firmly advancing toward a smarter, more resilient grid.

Key Highlights in the market:

- **Current Progress:** As at the end of March 2025, roughly 23.9 million smart meters were installed across India, which is slightly less than 10% of the original 250 million target. Despite

lower than expected deployments and therefore revenue during the year, momentum picked up towards the end of FY25, with 13.4 million meters installed in the full financial year. We have seen a significant increase in our shipments of modules in the first three months of FY26.

The programme has not yet taken off in several states. Not a single consumer smart meter has been installed in Karnataka, while Kerala has installed only 805 to date. Bihar and Assam have led in deployments. Uttar Pradesh, Madhya Pradesh, Punjab, Chhattisgarh, and Andhra Pradesh are among the better-performing states. Haryana, Maharashtra, and Gujarat have seen moderate progress.

- **Impact on Losses and Efficiency:** Smart metering is a core strategy to cut India's high distribution losses. National aggregate technical and commercial ("AT&C") losses have already improved from about 22% in FY21 to ~16% in FY24. Smart meters enable accurate billing, real-time consumption tracking, and prepaid functionality, which are expected to further reduce losses and improve collection efficiency. Early results are promising, for instance, about 44% of consumers in Assam saw monthly savings (~50 units) due to better usage awareness and accurate billing with smart meters, and the state's utilities have begun reducing losses as a result. Overall, experts anticipate that the full-scale rollout of smart meters will greatly strengthen distribution companies' financial health over the next couple of years.
- **Consumer Tariff Reforms:** Time-of-Day ("ToD") tariffs were introduced to incentivise consumers to shift usage to off-peak hours. From April 2024 ToD pricing applies to commercial and industrial consumers with >10 kW load, and it will extend to all other consumer categories (except agriculture) this year. This policy change directly ties into smart meters; ToD tariffs require smart meters to measure and bill electricity consumption in different time blocks. The government also streamlined the Electricity (Rights of Consumers) Rules in mid-2023 to simplify smart metering provisions, making remote connection/disconnection and prepaid recharge rules more consumer-friendly, thus encouraging smoother adoption of smart meters.
- **Financial Incentives in Budget:** The Union Budget 2025-26 (announced February 2025) included measures to support smart metering. Notably, it reduced the basic customs duty on smart meters from 25% to 20% to make meters more affordable. The budget also continued a policy of allowing states additional borrowing space, up to 0.5% of Gross State

GROUP CEO'S REPORT

Domestic Product, if they undertake power sector reforms, which include the timely installation of smart meters and loss reduction measures.

With stronger policy alignment, increasing private sector participation, and growing momentum in field-level execution in FY25, the stage has been set for India's transition to a digitally enabled power distribution system. While challenges persist around scale, state-level disparities, and consumer onboarding, the foundational progress achieved this year offers a clear pathway forward. As installations continue to ramp up and supportive reforms take hold, smart metering is poised to play a transformative role in strengthening the operational and financial health of India's power sector.

APAC and Middle East North Africa Markets

The smart metering market in the Asia Pacific ("APAC") and MENA regions across electricity and water continues to expand, with emerging opportunities in gas utilities, as more utilities start to adopt smart metering initiatives.

MENA

During the period CyanConnode continued to deploy its contracts for the MENA region and additionally completed incorporation of its subsidiary, CyanConnode Communications LLC, in Dubai. In October 2024, the Company was pleased to announce a follow-on order for this region, and shipments for this order are expected to complete during this financial year. Further orders for the region are expected to be won in the near term.

Thailand

CyanConnode, in collaboration with partners JS Technical Service Co Ltd. ("JST") and Forth Corporation Public Company Limited (Forth), continues to advance the Smart Metro Grid (SMG) project for the Metropolitan Electricity Authority (MEA), which has now reached Go-Live stage.

Malaysia and Indonesia

As part of its APAC expansion, CyanConnode is actively collaborating with utilities in Malaysia and Indonesia.

Fundraising

In September 2024 the Company completed an oversubscribed placing and subscription, raising £5.4 million before expenses. The new shares were issued at a price of 9 pence per share, reflecting a 17% premium to the closing mid-market price the day before the announcement of the fundraising.

The net proceeds from this fundraising are being used to strengthen the Company's balance sheet and to increase working capital. Cash is closely monitored to ensure alignment with its growth opportunities.

In March 2025 the Group secured a short-term loan for £5 million from Axia, a significant shareholder, to assist with short-term working capital requirements. This loan was repaid in June 2025 in accordance with the terms of the loan.

Board changes

In November 2024, the Company was pleased to announce the appointment of Lyndon Faulkner as Non-Executive Director, bringing over thirty years of visionary leadership as a senior business executive. Lyndon has held key positions at major international organisation such as Chairman and CEO of Pelican Products and General Manager of Microsoft Corporation.

Post period end and outlook

Momentum picked up from April 2025, when our subsidiary, DigiSmart which is an empanelled AMISP, received the Letter of Intent from the Electricity Department of Goa, for a project for circa 750,000 smart electricity meters.

Since then, the full contract has been signed with the utility, and we have set up a Special Purpose Vehicle ("SPV") called GreenMeter Goa Private Limited ("GreenMeter Goa"), which will be responsible for the deployment of the contract. In July 2025, the Company announced that DigiSmart and GreenMeter Goa have appointed a specialist subcontractor under an innovative arrangement whereby all project funding is sourced externally. This forward-looking structure enables CyanConnode to accelerate execution, preserve its balance sheet, and retain strategic control over project delivery.

In May and July 2025, we announced two unsecured convertible loan notes for \$15 million in aggregate, which will support the Company's broader working capital and business development activities as it targets additional large-scale opportunities across India's national smart metering programme. The first loan note, for \$7.5 million, was mainly used to repay the short-term loan for £5 million from our large shareholder.

Additionally, in May 2025, changes were made to the Board of Directors to improve its corporate governance whereby we appointed Björn Lindblom, a Non-Executive Director, as Non-

GROUP CEO'S REPORT

Executive Chairman of the Company. At the same time I moved from the role of Executive Chairman to that of Group CEO.

We've seen a marked increase in the number of modules shipped in the first quarter of FY26 compared to FY25 with 568,000 being shipped since the year end compared to 170,000 shipped for the same period of last financial year.

The Group's cash position has been significantly strengthened by the \$15 million raised through two convertible loan facilities. A portion of the proceeds has been used to fully repay the £5 million Axia loan, with the remaining funds allocated to working capital. This places the Company in a strong position to support the execution of current projects. However, should growth exceed current expectations, additional funding may be required to capitalise on emerging opportunities.

I want to express my sincere gratitude to all our employees for their exceptional dedication and contributions over the past year. My thanks also go to our valued partners and other stakeholders, with whom we look forward to further collaborations on the market opportunity, particularly as we evolve as an AMISP. Additionally, I extend appreciation to all shareholders for their continued support.

We are confident that momentum will continue to progress throughout this financial year, and we eagerly look forward to updating you on our progress throughout the year.

John Cronin

Group CEO

22 July 2025

STRATEGIC REPORT

Strategic Report

Omnimesh is a highly-scalable and proven end-to-end platform for markets where performance criteria are stringent and national deployments are on an immense scale.

The empanelment of DigiSmart Networks as an AMISP enables us to bid directly for tenders under the RDSS Scheme. First AMISP contract won in Q1 FY26 for 750,000 meters in Goa.

Statement of scope

This Strategic Report has been prepared to provide additional information for shareholders to assess the Group's strategies and the potential for those strategies to succeed. It contains certain forward-looking statements. These statements are made by the directors in good faith based on the information available to them up to the time of their approval of this report. Such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

The directors, in preparing this Strategic Report, have complied with s414C of the Companies Act 2006. This Strategic Report has been prepared for the Group as a whole and therefore gives greater emphasis to those matters that are significant to CyanConnode Holdings plc and its subsidiary undertakings when viewed as a complete enterprise.

Principal Activity

The principal activity of the Group during the year was developing and supplying software and hardware for wireless machine-to-machine ("M2M") communication over narrowband RF smart mesh and cellular networks. The principal activity of CyanConnode Holdings plc (the "Company") is that of a holding company. CyanConnode, continues to lead in providing cutting-edge IoT communication solutions, with over 3 million devices installed and managed worldwide.

Business Model

CyanConnode is a communications group whose business model is based on collaborative partnerships, where it engages with customers and markets by establishing eco-systems across multiple manufacturers and system integrators. Our Partners support the transfer of skills and experience to facilitate customer ownership of hardware and network infrastructure. The Group places a high emphasis on engaging with utility executives, national and regional government officials, standards bodies and regulators. These activities help CyanConnode to understand and

meet customer and market needs. A prime example of this strategy in action is the Group's Indian business, where CyanConnode supports the 'Make in India' and 'Skill India' initiatives of Prime Minister Modi, by using local partners for the manufacture and deployment of equipment, which in turn leads to the generation of in-country wealth. The Group further supports these initiatives having set up an entity in India, employing local talent.

The Group aims to build a world-class business by:

- Being Thought Leaders in the Internet of Things ("IoT")
- Offering customers solutions that result in optimised hybrid networks solutions that leverage existing infrastructure
- Offering full end-to-end solutions including the integration of embedded modules into meters and integration into the customers billing and meter data management systems
- The manufacture and deployment of equipment using local partners to generate in-country wealth
- Building strong relationships with Partners, Utilities, Governments, Standards Bodies and Regulators
- Providing excellent customer service

The Group aims to generate revenues from:

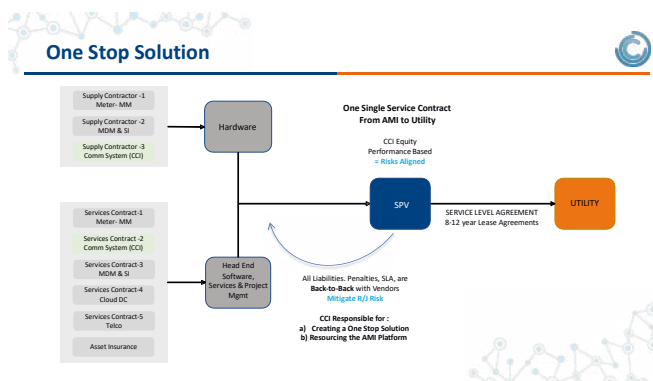
- Direct sales of hardware and software
- Licence and royalty fees from licensed hardware and software
- Support and maintenance fees
- Related services including project management, integration, installation services and network optimisation

STRATEGIC REPORT

AMISP

In May and June 2024, CyanConnode announced the empanelment of its subsidiary DigiSmart, as an AMISP for both RF and cellular technology. This enables DigiSmart to bid directly on upcoming smart metering tenders under the RDSS on a Design, Build, Finance, Own, Operate, and Transfer (DBFOOT) basis. DigiSmart won its first contract, a 750,000 unit project for the Electricity Department of Goa, shortly after period end and has commenced execution of the contract.

This will lead to increased order fulfilment and tender participation, direct engagement in smart metering projects and operational excellence and market expansion, providing a one stop solution and aligned economics as set out in the diagrams below.



Our Technology Communications for IoT

Intelligent devices enable two-way communication between the endpoint device and the central systems of the provider. These are generally deployed as part of a broader platform, which includes the intelligent modules that are embedded in the devices, communications networks/protocols, and data management systems. These are essential components for an Internet of Things (IoT) implementation.

CyanConnode is a specialist provider of communication technologies for IoT networks. The company delivers secure, robust IoT communication networks for multiple enterprise applications, in a wide range of urban and rural environments. A private network is created between the endpoint devices (e.g. smart meters), with gateways aggregating data from a group of local devices. There are multiple approaches available for networking between smart devices and central data-gathering hubs. The appropriate technology will vary by country, topology, population density, mobile network capacity, backhaul network availability and other such factors.

Multi-technology Approach

While CyanConnode has historically been a strong proponent of RF mesh technology, and this remains its core product offering, the company also now has, within its portfolio, full

capabilities for cellular 2G to 5G, including NB-IoT, and powerline communications. All of these communications technologies can be connected to the same head-end system (HES), which is also provided by CyanConnode. The HES is where the data is collected and then sent on to a data management system, which will be managed by a utility in the example of smart meters.

The network is a mesh where each endpoint connects to multiple other points, so there is no single point of failure in the network. If a particular node malfunctions, the mesh network offers redundancy, such that the other nodes can still continue to connect via other routes in the network. Specifically for RF mesh networks, a key attribute is that every device on the network does not need to be within range of the gateway, making this approach ideal for rural locations or where dwellings are widely geographically dispersed, as well as high density dwellings.

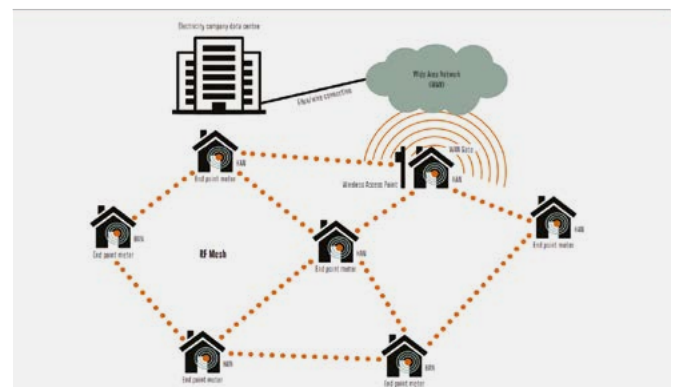
RF Mesh Networks Explained

Narrowband RF mesh technology uses lower bandwidth radio frequencies (sub-GHz). These frequencies give better range and coverage than higher frequencies. The Omnimesh RF platform is an open standards-based (IPv6, 6LoWPAN) network solution that provides long-range and reliable communication between devices – for example, between smart meters. RF mesh is a proven, cost-effective technology for delivering excellent service levels.

The diagram below shows an RF mesh network for a smart meter network with the multiple paths from each node or endpoint meter to the gateway, which is connected via a long-haul network to the central platform. As we noted earlier, the central system in a country such as India may increasingly be a shared platform operated by a JV entity.

Figure 1: CyanConnode RF Mesh Configuration

Source: Company data



The current architecture typically allows around 200-250 meters to be connected to one gateway (although ratios up to 1000:1 have been deployed) – this ratio is being improved consistently.

STRATEGIC REPORT

Cellular

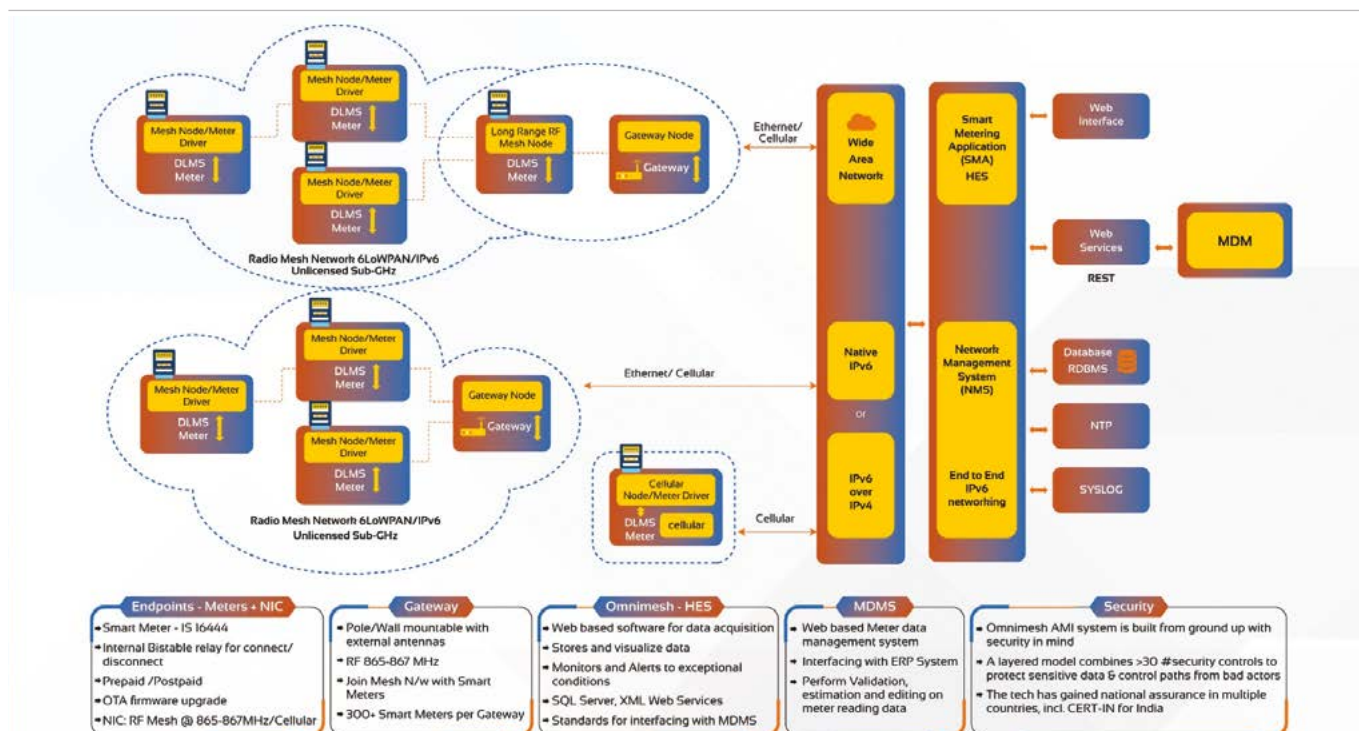
CyanConnode is a strong advocate of RF mesh technology. However, no single technology meets the requirements of every customer in every deployment environment. For example, cellular technologies may provide good service levels in areas where there are too few devices to justify the deployment of a mesh. To cover a wider market, in March 2020, CyanConnode announced its new Omnimesh cellular products, which use mobile network technologies as an alternative to RF to connect meters, where required. The products are available in all cellular regions and bands, and support all the 2G, 3G, 4G and emerging 5G standards, including NB-IoT and Cat-M1-IoT cellular technologies.

The Omnimesh cellular products have dual SIM capabilities, and the best available cellular network is automatically selected for point-to-point connectivity. To allow a mix of RF and cellular connectivity to be used across a single region, the updated Omnimesh HES can simultaneously manage both RF mesh and cellular connected smart meters. This technology flexibility allows customers to maximise service levels while minimising costs.

In-meter Gateways

CyanConnode's development of in-meter gateways has been well received by utility customers. These allow the aggregation gateways to be installed in the same units as endpoint smart meters in individual dwellings, which represent more secure locations than externally, where additional costs of secure metal boxes are incurred.

Integrated, End to End offering



Network Management System

The network management component is focused on managing the overall mesh network environment (including device configurations, device status, etc). The platform scales to millions of nodes and offers a unified interface to view multiple network types across RF and cellular.

Advanced Metering Infrastructure (AMI)

AMI is an integrated system of smart meters, communications networks, and data management systems that enables two-way communication between utilities and customers. AMI enables two-way communication so that not only can meters be read automatically, but instructions can be sent to the meter from a central point, which might be to disconnect (for example, if a bill has not been paid, or to update time-based pricing data to manage consumptions). The information collected from smart meters can be processed in real time, and signals can be sent to manage demand. These systems are widely acknowledged to offer substantial potential benefits, many of which are central to the highly positive returns on investment associated with smart meter implementations.

The analytical processes to understand load patterns and optimise use of these platforms can be complex and data-intensive – in fact, there are ongoing programmes at large utilities around the world to take greater advantage of the capabilities of AMI platforms that have been implemented.

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CyanConnode offers a comprehensive platform that covers the AMI from the meter endpoint through to the Meter Data Management System (MDMS), which stores the huge quantities of data generated by the smart meter network and will typically be provided by major Enterprise Resource Planning (“ERP”) vendors, such as Oracle and SAP.

Market Opportunity and Forecasts

Global environmental concerns are more than ever to the forefront of political discourse and media attention. Governments are seeking ways of responding to what many now view as an imperative for widespread action. Utilities have a significant part to play by reducing inefficiencies in both generation and distribution. The World Bank has demonstrated that it is three times cheaper for utilities to save lost electricity by improving distribution network efficiency, rather than investing in further generating capacity. Smart metering is an important technology as it helps both utilities and consumers, of all types, to minimise resource wastage.

In India, the Government mandated the installation of 250 million smart meters in the next few years, which we understand has now increased to 330 million smart meters. This presents a significant market opportunity to the Group, and to date tenders for approximately 143 million smart meters have been awarded to prime bidders.

CyanConnode’s Narrowband RF Smart Mesh Networks can be used to control and monitor energy meters over hybrid networks so as to assist Governments and utilities in meeting their greenhouse gas emissions target.

The smart meter market can be broken down into three subcategories: smart electricity meters, smart gas meters and smart water meters. Of the three, smart electricity meters are expected to deliver the highest growth rates, as the global industry seeks to modernise infrastructure and systems to drive much-needed improvements to financial performance, efficiency, and resilience of energy grids.

The global market is characterised by quite marked differentials by region in current smart meter penetration and, hence, in expected growth rates in smart meter shipments over the next five to ten years.

The smart electricity metering market in Asia-Pacific is inching ever closer to the historic milestone of 1 billion installed smart meter devices. The latest research report from the IoT analyst firm Berg Insight analyses the development of smart metering technology in China, Japan, South Korea, Taiwan, India, Bangladesh, Indonesia,

the Philippines, Thailand, Vietnam, Australia and New Zealand. According to the study, the installed base of smart electricity meters in Asia-Pacific will grow at a compound annual growth rate (“CAGR”) of 6.4 percent from 818.6 million units in 2023 to nearly 1.2 billion units in 2029. At this pace, the milestone of 1 billion installed devices will be reached in mid-2026. The penetration rate of smart electricity meters in Asia-Pacific will at the same time grow from 61 percent in 2023 to 80 percent in 2029 while cumulative shipments during 2024–2029 will amount to a total of 872.7 million units.³

Mattias Carlsson, IoT Analyst at Berg Insight, said “Replacements of aging first-generation smart meters will be the most important driver for smart meter shipments in Asia-Pacific throughout the forecast period. The number of smart meters tendered by the State Grid of China is also expected to become more stable going forward at around 65–70 million units per year.”

While East Asia constitutes the most mature smart metering market in Asia-Pacific, the fastest growing markets are on the other hand all found in South and Southeast Asia with a wave of smart metering projects now sweeping across the region. The most significant growth is expected in India where a massive new governmental funding scheme was introduced in the early 2020s with the goal of achieving an original installation target of 250 million smart prepayment meters, a target we understand is likely to be increased to 330 million

“India is already reaping the benefits from the modernisation of its electricity grid and has in the last two years managed to reduce overall aggregate and technical losses significantly”, continued Mr. Carlsson.

In neighbouring Bangladesh, large-scale smart electricity metering installations are also emerging in a similar push to install smart prepayment metering by the government.

We also observe positive developments in markets such as Thailand, the Philippines, Indonesia and Taiwan – particularly the latter two. The Taiwanese smart metering market is showing stable growth, with a state-owned utility that has a track record of meeting set targets. Indonesia still constitutes a nascent smart metering market but is also a huge market opportunity with a growing economy and impressive electricity user base of almost 86 million”, concluded Mr. Carlsson.

In the UK it has been stated that smart meters are fundamental to the UK’s targets of reaching Net Zero.

STRATEGIC REPORT

New Identity and Strategic Vision

Last year CyanConnode undertook a comprehensive rebranding exercise to better reflect its commitment to innovation, customer-centric solutions, and sustainable practices. This rebranding encompasses the Company's vision, mission, and new tagline, "Delivering IoT Excellence," symbolising its evolution as a company and strategic focus on leading the smart metering and IoT communication sectors.

- **Vision:** To be the global leader in IoT communications and smart metering solutions, driving innovation and sustainability across the energy sector.
- **Mission:** To provide cutting-edge, reliable, and cost-effective IoT communication solutions that empower utilities and consumers, enhance operational efficiency, and promote sustainable energy management.

Rationale Behind the Rebranding:

The decision to rebrand was driven by several key factors:

- **Alignment with Strategic Goals:** Our new identity aligns with our strategic vision of becoming a global leader in IoT communications and smart metering technologies. It reflects our dedication to leveraging advanced technologies and innovative solutions to address the dynamic needs of the energy sector.
- **Emphasis on Innovation:** The rebranding underscores our commitment to continuous innovation. As we expand our product portfolio and enhance our technological capabilities, our new identity serves as a visual representation of our forward-thinking approach.
- **Customer-Centric Approach:** The new identity highlights our focus on providing tailored solutions that meet the specific needs of our customers. It emphasises our role as a trusted partner in the energy sector, committed to delivering exceptional service and value.
- **Sustainability Commitment:** Sustainability is at the core of our operations. Our new identity reflects our dedication to developing eco-friendly solutions that contribute to environmental conservation and support global sustainability goals.

This new identity is more than just a visual change; it represents a strategic transformation that aligns with our long-term goals. By integrating our vision, mission, and values into every aspect

of our operations, we are well-positioned to drive growth, foster innovation, and deliver sustainable value to our stakeholders.

s172 Statement

Understanding the needs of stakeholders is fundamental to the success of the Group. By understanding the perspectives of all its stakeholders, the Board is able to ensure that it can best promote the success of the Group, fully aware of its impacts on them, on the environment and ultimately, therefore, in the best interests of its members as a whole. In the event that a decision had to be made that not all stakeholder groups may have found favourable, steps would be taken to mitigate any negative impacts as far as possible, and to communicate the reasons for such decisions to all stakeholders.

Decisions of the CyanConnode Board take into account not just short-term, but also medium and long-term consequences, which are carefully considered and balanced, having regard to the sometimes-conflicting needs and priorities of the business, its customers, partners, employees and other stakeholders.

At an operational level, engagement with stakeholders is reported to the Board via the Executive Directors and through written and verbal reports from the Group Leadership Team.

Section 172 of the Companies Act 2006 requires Directors to act in the way which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard, amongst other matters, to:

A. The likely consequences of any decision in the long-term

A practical example of consideration of the long-term consequences of Board decisions can be found on page 17, where it sets out how the views of shareholders were taken into account when determining the best source of funding.

B. The interests of the Group's employees

The Strategic report sets out the Group's policy towards employees and how it engages with them in greater detail on pages 15 to 16 and 25 to 26. CyanConnode's employees are of central importance to the Group's success, and the directors believe that the CyanConnode culture and core values create an environment for engaged and successful employees. The Group's HR department supports employees and managers to look after employee needs.

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C. The need to foster the Company's business relationships with suppliers, customers and others

See pages 16 to 17, within the Principal Risks section on pages 22 to 25 and within the Corporate Governance Statement on pages 34 to 42, where it sets out how the Board interacts and fosters business relationships with key stakeholders. The Group has frequent meetings with key suppliers, customers and shareholders to update on business developments.

D. The impact of the Group's operations on the community and the environment

We are committed to making a positive contribution to the communities in which we operate, including supporting the local community, maintaining good relationships within the community and providing employment opportunities.

We are an active member of the Cambridge Network which provides excellent opportunities for sharing information and best practice in the Cambridge area. We also engage with Cambridge Wireless, a body for organisations engaged in wireless technology.

We are also engaging with Cambridge University Computer Science and Engineering departments with the aim of providing graduate and/or internship opportunities.

In recent years CyanConnode in India has partnered with Nanhi Kali, a Mahindra Group foundation, to support the Digital Equality Programme for 700 girls in Gurugram, Haryana, India. This initiative aimed to bridge the digital divide by providing these young girls with the necessary tools, resources, and digital literacy skills to succeed in a rapidly evolving digital world. By facilitating access to digital education, we empower these girls to unlock new opportunities and contribute meaningfully to their communities.

In addition to our partnership with Nanhi Kali, we extended our support to two local government schools by providing educational toys and course books that were otherwise unaffordable for the institutions. This support has touched the lives of 300-400 students, enhancing their learning experiences and educational outcomes. By enriching their educational environment, we help create a more engaging and effective learning atmosphere, encouraging these young minds to pursue academic excellence and personal growth.

Our Corporate Social Responsibility (CSR) initiatives reflect our dedication to creating positive and lasting impacts in the communities we serve. We believe in fostering an inclusive and equitable society where every individual has the opportunity to thrive.

The Group's focus on the environment and the community is discussed further in the ESG Report from page 18.

E. The desirability of the Company maintaining a reputation for high standards of business conduct

Examples of this principal are set out throughout this Strategic Report, particularly in the ESG Report from page 18. The Group strives to maintain a reputation for the highest standards of business conduct. Its adoption of the QCA Corporate Governance Code provides the oversight and context for how it achieves that and its procedures to monitor compliance with the Bribery Act helps to ensure it achieves these high standards. With the revised 2023 QCA Corporate Governance Code having come into effect in April 2024, we have reviewed the revised principals to monitor compliance with this Code. The ways in which we apply the new Code are set out in our Corporate Governance Report on pages 34 to 42.

F. The need to act fairly between members of the Company

See pages 15 to 17 for examples of how the Group achieves this standard. The Directors recognise the need to act fairly between members of the Company. Wherever a conflict or potential conflict arises, the Board takes independent legal and professional advice to ensure that members are treated fairly.

The following pages set out those we consider to be our key stakeholders and provides examples of how we have engaged with them during the course of the year.

Employees

CyanConnode is proud of its diverse workforce. It is a multicultural, global organisation, committed to providing equal opportunities for training, career development and promotion to all employees, regardless of any physical disability, gender, religion, race or nationality.

Why we engage

Our employees are essential to the success of our business; our culture and our commitment to our purpose and values drives our business performance. We engage with our people regularly and seek to create an environment in which all staff feel happy and supported. Further details on our culture can be found on page 34.

How we engaged

Our culture is supported by maintaining an open and active dialogue across the business. Direct engagement took place through 'town hall' type sessions led by the Executive Chairman (now by Group CEO) and the Chief Financial Officer, where updates were provided on the business (information on customer wins, financial results and strategy) and other employee matters.

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Employees were encouraged to ask questions on the business and any other matters. During the period various company functions and team building events were also held to engage with employees. These included Christmas parties, punting on the river in Cambridge and various events held for the team in India.

Outcomes and actions

The events appear to have led to more open dialogue between employees and management.

Shareholders

CyanConnode has a large number of shareholders, both institutional and private, many of whom have been supportive shareholders for a number of years. These shareholders play an important role in monitoring the performance of the Group.

Why we engage

Shareholder views inform our decision-making, and engagement enables us to explain our strategic goals; it is important that all shareholders have confidence in our business and how it is managed, whether they are institutional investors, private individuals or employee shareholders.

How we engaged

The Executive Directors engaged with both institutional and private investors to present trading updates and the financial results, as well as updates on business and to obtain feedback, which is important to the Board. Regular, more informal communication from investors also provides feedback to the Board, for example emails received from shareholders. In 2024 the Group held an Annual General Meeting in person, and this was well attended by shareholders who were keen to have face to face conversations with the Board. In addition, investor webinars were held on a platform which allowed shareholders to attend and ask questions and pass comments before and during the webinars. Attendees could also provide feedback following the webinar.

The Executive Directors also engaged actively with analysts who write research on our Company and industry. This provides shareholders with additional information on the business and business model.

Outcomes and actions

An example of how the Board sought feedback from shareholders was via ongoing discussions to determine the most appropriate form of funding acceptable to shareholders for example working capital, convertible loans and direct equity investment into the Group. Following these discussions the Group undertook an

oversubscribed placing in September 2024, to raise £5.4 million before expenses.

In March 2025 we received a short-term loan from our largest shareholder for £5 million to support working capital. Based on discussions with shareholders over the years, this was seen as more favourable to shareholders than raising additional funds via another placing. In May and July 2025, we have received in aggregate \$15 million in convertible loan notes, on what we believe are more favourable terms for shareholders than raising funds via a placing. £5 million of the funds raised from these loan notes were used to repay the £5 million loan received in March 2025.

More recently the Executive Directors have been speaking to large private shareholders to get their feedback on communications and any ways they could be improved. We recently took on a new Financial PR company to assist with and advise on corporate communications.

Customers

CyanConnode's works in ecosystems, going to market through customers, many of whom are well-known multinationals such as Schneider, Genus, IntelliSmart, Esyasoft and the Monte Carlo Group. Through the Group's new AMISP business model, utilities also form part of its ecosystem. The Group integrates with electricity meters to provide its communication technology which makes the meters smart.

Why we engage

It is important that we understand all of our customers' requirements to allow us to deliver the products and services they need and maintain a good and open relationship. Their feedback and support is crucial to the success of our business.

How we engaged

The Board engages both directly and indirectly with customers at an operational level through members of the Group Leadership Team and their teams. The majority of the Group's customers are in India where the largest part of the Group's business is, and in the UAE. The Executive Directors visited India and the UAE various times during the period to engage with customers. It also listened to customers and their needs through key account management relationships, as well as working directly with relevant customer departments on technical, regulatory and logistics matters of concern to them.

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What we discussed

Key topics of engagement were:

- The changing landscape of the market and business models
- Best ways to approach the market to win additional business
- Negotiation on contractual terms
- Quality delivery of contracts
- Ongoing quality of service

Outcomes and actions

- Development of long-term strategic relationships formed on the basis of trust and understanding which are mutually beneficial
- Additional business opportunities
- Created a more open dialogue during deployment of contracts to ensure good communication and successful delivery of projects

Suppliers

CyanConnode works closely with its suppliers, particularly component suppliers and Contract Equipment Manufacturers to ensure manufacture of quality products at the most competitive prices.

Why we engage

We have a strong supplier base, particularly for key components required to manufacture our product, as well as strong relationships with our key contract equipment manufacturer. Our suppliers are fundamental to the quality and timely delivery of the products we offer our customers and it is therefore important to deal with suppliers who are committed to us and our values.

How we engaged

The Board indirectly engages with suppliers through our procurement team, who are responsible for our supply chain relationships. In addition, the Executive Directors engaged directly with suppliers and distributors to ensure continuity of long lead time items, and to negotiate best payment terms with suppliers. They engaged with our suppliers through physical visits where possible (in both the UK and India) and through reciprocal visits to each other's offices, as well as virtual meetings.

What we discussed

- Continuity of supply and planning of supply of long lead time components
- Pricing

- Flexibility on payment terms
- Reciprocal business growth and how to further collaborate

Outcomes and actions

- Development of long-term strategic relationships formed on the basis of trust and understanding, which are mutually beneficial
- Mitigation of sourcing risk by moving procurement of some products to alternate suppliers
- Adequate supply of long lead time items ensuring supply to meet customer requirements
- Flexibility on payment terms
- Negotiating lowest possible prices, including price decreases

Board decision-making in practice

During the year the Board made a number of principal decisions which we regard as those that are material to the group and to any of our key stakeholder groups.

In making decisions the Board considers the views of its key stakeholders, as well as the need to maintain our reputation for high standards of business conduct and the need to act fairly between the members of the Company.

Examples of how the Board considered key stakeholders is set out below.

Funding

The Board continuously monitors the Group's cash flow forecasts to ensure the Group has sufficient cash for operations, as well as for any growth opportunities and requirements. The CFO regularly engages with financial institutions around the world regarding availability of working capital solutions and updates the Board on any proposals made to the Group. During the year the Board engaged with major shareholders, via the Executive Directors, to discuss some of the funding proposals available to them. In addition, the Executive Directors discussed the large opportunities being presented to the Group, which it was hoping to win. The outcome from these discussions was that the Company raised £5.4m (before expenses) in September 2024 through an oversubscribed placing and subscription at a premium to the share price at the time. More recently the Company has been issued with an unsecured convertible loan note to prevent further dilution at this stage.

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Environment, Social and Governance (ESG)

CyanConnode remains steadfast in its commitment to sustainability and environmental responsibility. Our Omnimesh solution has enabled utilities to improve customer experience, enhance billing accuracy, and significantly reduce carbon emissions. CyanConnode's current order book has the potential to avoid ~1,017,750 KG of CO₂ emissions annually, primarily by reducing the need for manual meter readings. This significant reduction in emissions is achieved through the deployment of our Omnimesh RF communications solution, which enable more efficient energy management and operational practices for utilities.

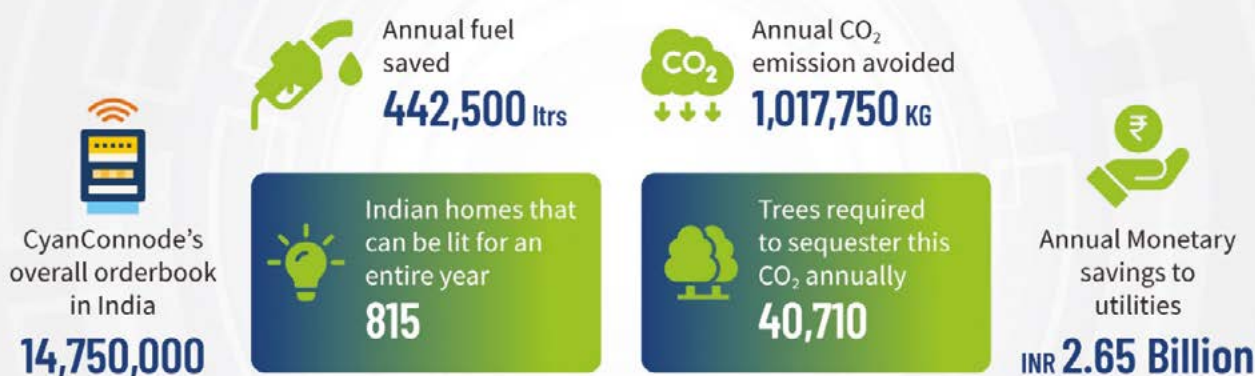
The environmental benefits of our solutions extend further, encompassing improved load forecasting and peak load management. These capabilities allow utilities to better balance supply and demand, reducing strain on energy resources and minimising wastage. Additionally, smart meters support the

adoption of energy-efficient lifestyles among consumers by providing real-time insights into energy usage, encouraging more conscientious consumption patterns.

Our communication solutions also play a crucial role in demand-side management and contribute to the reduction of Aggregate Technical and Commercial (AT&C) losses, enhancing the efficiency and reliability of energy distribution networks. By mitigating these losses, we not only improve the sustainability of energy systems but also support the reduction of greenhouse gas emissions.

CyanConnode is a proud Green Economy Mark company, underscoring our dedication to environmental stewardship. Sustainability is a core element of our business strategy and corporate pillars, guiding our decisions and actions as we strive to create a more sustainable future. Our continued investment in developing and deploying eco-friendly communication solutions demonstrates our commitment to responsible business practices and our role in fostering a greener, more sustainable world.

Potential impact on environment due to Reduction of Manual Reads



Note : The savings will be much higher if we consider the associated benefits such as Peak Load Management, Demand Response, Energy Efficient lifestyle due to smart meters, AT&C loss reduction etc.,

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Impact of CyanConnode on Carbon Emission Reduction & savings for Utilities in India

Nodes OrderBook	14,750,000
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CCI impact on Carbon emission reduction due to reduction of Manual reads

Avg. meter reads per day by a meter reader	40
Total no. of Man days required for meter reads	368750
Avg. 2 wheeler running per day (in KM) by meter reader	5
Total KM to be covered for meter reads	1843750
Avg. bike mileage per litre of petrol (KM/ltr)	50
Fuel required for monthly meter reading (in ltrs)	36875
CO2 (KG) emission per litre of petrol	2.3
Total Monthly CO2 (KG) emission saved due to removal of manual intervention	84812.50
Fuel required for Annual meter reading (in ltrs)	442,500
Annual CO2 emission avoided (in KG)	1,017,750

Avg cost of Manual Meter reading per meter per month (in INR)	15
Monthly Savings for utility on account of reduction of manual meter reads (in INR)	221,250,000
Annual savings for utility on account of reduction of manual meter reads (in INR)	2,655,000,000

One litre of Petrol equivalent to kWh	8.9
kWh equivalent to annual fuel saved by CCI	3,938,250
Per capita energy consumption in India (in kWh)	1208
Avg members in Indian Household	4
Indian homes that can be lit for an entire year from the fuel saved by CC	815

CO2 sequestered by one tree annually (in KG)	25
Years required by one tree to sequester the annual CO2 avoided by CC	
or	40,710
Trees required to sequester annual CO2 avoided by CC every year	

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STRATEGIC REPORT

Corporate Social Responsibility (CSR)

CyanConnode is deeply committed to its Corporate Social Responsibility (CSR) mission, focusing on empowering girls, advancing equity, and sustaining our planet. In the past we have partnered with *Nanhi Kali*, a Mahindra Group foundation, to support the Digital Equality Programme for 700 girls in Gurugram, Haryana, India. This initiative aims to bridge the digital divide by providing these young girls with the necessary tools, resources, and digital literacy skills to succeed in a rapidly evolving digital world. By facilitating access to digital education, we empower these girls to unlock new opportunities and contribute meaningfully to their communities.

In addition to our partnership with NanhiKali, we have previously extended our support to two local government schools by providing educational toys and course books that were otherwise unaffordable for the institutions. This support has touched the lives of 300-400 students, enhancing their learning experiences and educational outcomes. By enriching their educational environment, we help create a more engaging and effective learning atmosphere, encouraging these young minds to pursue academic excellence and personal growth.

Our CSR initiatives reflect our dedication to creating positive and lasting impacts in the communities we serve. We believe in fostering an inclusive and equitable society where every individual has the opportunity to thrive.

Material issues	Actions we have taken and will take
People and culture	<p>We are committed to our people and their well-being and aim to have a supportive, collaborative culture and strong values.</p> <p>We have a diverse team across the locations in which we operate. CyanConnode is a multicultural, global organisation and we are committed to providing equal opportunities for training, career development and promotion to all employees, regardless of any physical disability, gender, religion, race or nationality. Information relating to our employment practices can be found in the Employee Matters section on pages 25 to 26 of this report.</p>
Environment and climate change	<p>CyanConnode seeks to minimise as far as possible its impact on the environment and received ISO14001 accreditation during 2019. This is subject to annual audits, each of which has been passed, most recently in 2025. It works closely with local businesses to put in place joint environmentally friendly policies. More on our Environmental Policy can be found in the Employee Matters section on pages 25 to 26 of this report.</p> <p>During 2021, CyanConnode received the London Stock Exchange Green Economy Mark. A requirement of this award was for more than 70% of the Company's revenue to come from green technologies. The Stock Exchange determined that CyanConnode's technology fulfils the criteria. The requirements for this award are reviewed regularly by the Stock Exchange, and it has recently reconfirmed the Group's eligibility.</p> <p>The Group regularly monitors the savings made to utilities in India as a result of deploying its technology. CyanConnode also monitors the reductions in CO2 emissions resulting from its deployments.</p>
Responsible supply chain	<p>CyanConnode works with the global leaders in its sector, many of which are listed entities in various parts of the world, and therefore subject to similar standards of business as CyanConnode is. CyanConnode works with these global leaders, at the forefront of business, industry, and technological innovation, to ensure these standards are constantly challenged and improved.</p>
Social responsibility	<p>The Group is mindful of its corporate social responsibilities and the need to build and maintain strong relationships across a range of stakeholder groups is a key principle in what we do. Engaging with our stakeholders allows us to create a positive legacy and create strong stakeholder relationships. Our project teams engage with stakeholders throughout the development life cycle to help enrich communities.</p> <p>We have processes and policies in place to ensure awareness of our social responsibilities. The Group has adopted an Anti-Bribery policy which can be found on the Company's website at https://cyanconnode.com/investors/bribery-act/. The Group Bribery Officer ensures that all partners and agents working for the Group sign acceptance of the terms of this policy prior to engagement with any Group company, and provides training to employees on this policy.</p> <p>Information relating to our employment practices can be found in the Employee Matters section on pages 25 to 26 of this report.</p>

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Material issues	Actions we have taken and will take
Data Security	<p>The nature of CyanConnode's business requires it to have a robust data security policy. This is key to underpin the trust our partners and customers place in us.</p> <p>CyanConnode received accreditation for the ISO27001 standard in 2019 and is audited on this accreditation annually. Its most recent audit was passed in 2025. We have also recently taken on an external company to work with our internal teams to ensure our systems remain robust from a security point of view.</p> <p>In addition, CyanConnode has strict security requirements due to its involvement in the UK Smart Metering Programme and has annual audits against its ISO27001 accreditation by its customers.</p>

Further details on practical steps the Group has taken on ESG can be found in the Strategic Report, the Directors' Report and Corporate Governance Statement. The Board's adoption and application of the 2023 QCA Corporate Governance Code further supports these principles, with more detail of the steps it has taken set out in the QCA website disclosures against the ten principles of the Code, which can be found on the CyanConnode website <https://cyanconnode.com/investors/governance/>.

The competing needs of the various stakeholders of the company are monitored and reviewed at management and at Board level. Where conflicting needs arise, advice is sought from the

Non-Executive directors and, as necessary, from CyanConnode advisors. Through the careful balancing of stakeholder needs, CyanConnode seeks to promote success for the long-term benefit of shareholders.

Key performance indicators

An analysis of the financial performance for the year using Key Performance Indicators is included within the Financial Review, see page 32.

STRATEGIC REPORT

Operational Review

Principal Risks and Uncertainties

Risk Management

The Board has overall responsibility for the management of risk at CyanConnode. The Board monitors the actions required to mitigate our risks and is responsible for:

- Setting and communicating the Group's risk appetite
- Aligning the risk mitigation approach with the Group's strategic objectives
- Reviewing and challenging the risk register
- Embedding effective risk management in the culture of the Group
- Empowering people at all levels to engage with risk management and internal control systems

The Executive Directors are responsible for:

- Day-to-day risk management
- Reviewing and monitoring risk and mitigation strategies across the business

The Group Leadership along with the ISO Team are responsible for:

- Identifying key risks facing the business
- Compiling Group risk registers
- Determining appropriate and proportionate risk mitigation strategies

Colleagues are responsible for:

- Identifying key risks facing the business
- Management of risk through applying appropriate controls, policies and processes

The Group is exposed to a number of risks and uncertainties. Those that are considered to be key to the Group are set out in the following tables. Many of these risks have not changed from prior years due to the nature of the business and continue to be relevant.

Financial risks

1. Global events such as a pandemic

Risk and impact

Delays to deployment of projects, resulting in delays to revenue and payments from customers.

Delays and difficulties in receiving adequate components for manufacture of the Group's products, resulting in delayed deliveries to customers.

Limited access to the Group's offices resulting in delays to software / hardware development.

Adverse effect on welfare of employees resulting in reduced output.

Mitigation

- Continual monitoring of the situation and adopting a flexible approach to ensure appropriate response to support the business.
- The health, safety and well-being of our employees is paramount and we have worked to ensure a safe working environment for all, offering as much flexibility as possible.
- Adapted work practices to enable everyone who can, to work from home and to arrange our sites with safety in mind to ensure all vital operations and projects remained on track. Adopted a staged approach to the opening of office facilities to protect our employees.
- Working closely with existing and new customers, to manage their immediate and longer-term needs
- Maintaining regular contact with our supply chain to ensure continuity of supply.
- Monitoring the regulatory landscape and market conditions.
- Managing cash to protect the Group's liquidity.
- Group Leadership Team providing regular updates to keep all staff informed and maintain team spirit.

OPERATIONAL REVIEW PRINCIPAL RISKS AND UNCERTAINTIES

2. Movements in component pricing and stock shortages

Risk and impact

Movements in component pricing can materially impact profitability and cash. During recent years there have been significant shortages of certain components and this has driven up prices globally. In addition, these shortages can lead to possible stock shortages.

If any components in any CyanConnode products reach end-of-life, it could lead to significant premiums being paid to source these components from alternative suppliers.

Mitigation

- Detailed stock planning and stock movement processes.
- Monitoring and communication of market conditions and long-term raw material contracts.
- Maintaining close relationships with suppliers to ensure best pricing possible.
- Continuing to identify new suppliers for key raw materials or those where shortages exist.
- Continually monitoring stock availability with suppliers to ensure that we are prepared for any end-of-life products and can source / build in alternatives,

3. Funding

Risk and impact

There is a risk that there could be delays to customer deliveries or receipts from customers, or extended payment terms in customers contracts, impacting the availability of working capital. There is a reliance on five customers in India and one customer in the UAE.

Should the Group wish to explore new territories, products or business opportunities or models there would be a requirement for additional investment.

Mitigation

- The Directors regularly monitor the financing needs of the Group and react quickly should projects or customer receipts be delayed. The Group actively communicates with its investors and potential investors, including through its nominated advisor and brokers, to update on cash position. In addition to equity funding, the Directors are regularly in dialogue with several banks and other organisations to investigate working capital facilities.
- New business models are also being explored and some of these such as licensing or the 'OPEX' model could be significant sources of funding should they be won. The 'OPEX' model is a model where the utility would pay for the meters on a per-meter-per-month basis, leading to recurring monthly payments. They may also require significant funding at the outset and the Group is in discussions with many infrastructure funds in this regard. It has appointed a specialist subcontractor under an innovative arrangement whereby all project funding is sourced externally, resulting in no project funding being required from CyanConnode.
- Dialogues with banks and other financial institutions have been positive and the Directors feel they would be in a position to secure working capital funding should any projects be delayed.

4. Currency

Risk and impact

We are exposed to both translation and transaction risk.

- The UK trading entity makes significant sales and purchases in other currencies; and
- The Indian entity generates significant translation risk.
- During the past twelve months there have been significant movements in currencies.

Mitigation

- Whilst all of the Group's customers in India are invoiced in Indian Rupees, we also contract the manufacture of our hardware in India in Indian Rupees and this partially offsets the risk.
- In Thailand, and the MENA region, we sell in US dollars with cost of sales also being paid in US dollars
- Connode Sweden mainly operates in SEK with customers paying and suppliers being paid in the same currency. The only exception is the UK smart metering project which is paid in UK Sterling.
- We engage with foreign currency agencies to ensure we secure the best rates if needing to transfer funds between countries.

OPERATIONAL REVIEW PRINCIPAL RISKS AND UNCERTAINTIES

People risks

5. Loss of key staff and failure to manage succession

Risk and impact

As with many technology businesses, the Group is dependent on a relatively small number of highly skilled staff. The ability of the Group to retain and motivate its key staff is a key business risk.

A lack of experienced and engaged employees will have a detrimental impact on all areas of the business.

Mitigation

- Continue to develop succession planning for positions across the Group.
- Provide well-structured and competitive reward and benefit packages that ensure our ability to attract and retain employees.
- Offer training and development opportunities to support staff in their careers:
 - Ensure that employees receive regular performance reviews and discussions throughout the year to enable any issues to be identified and resolved in a timely manner.
- Develop people managers to ensure that they are equipped with the right skills to manage and motivate teams.

Operational risks

6. Quality of product and service

Risk and impact

A sub-standard quality of product and delivery could lead to reputational damage, loss of revenue and loss of key customers.

Mitigation

- Strong supplier qualification process, intake testing and analysis.
- Regular review of risk matrix for raw materials handled.
- Continuation of visits to suppliers.
- Close monitoring of deployment to ensure quality of service and Service Level Agreements (SLAs).
- Close communication between sales and operations to ensure early identification of any issues in deployments.
- Manage sub-contractor relationships.

7. IT issues including network, hardware, data and security

Risk and impact

Loss of IT systems and/ or data, impacting on the ability of the business to function effectively.

Reputational damage and litigation in respect of data protection.

Disruption to or penetration of our information technology platforms could have a material adverse impact on the Group.

Mitigation

- Well-constructed IT infrastructure supported by a comprehensive asset management database and best practice maintenance processes such as those required by our ISO27001 accreditation.
- Multi-layered security protection system in place.
- Technology resources are continuously monitored by appropriately trained staff, which provide and maintain process controls aimed at securing our networks and data.
- Security team continuously searches for and fixes vulnerabilities, including those reported by third-party security consultants.
- Continued investment in infrastructure and particularly software security.
- Ad hoc hacking attempts by third-party security consultants and penetration testing.

OPERATIONAL REVIEW PRINCIPAL RISKS AND UNCERTAINTIES

8. Macroeconomic conditions and political risk

Risk and impact

Sales cycles to our customers and end utilities in emerging markets can be lengthy and unpredictable leading to loss of stakeholder confidence and reputation.

The territories in which we operate are subject to political risk whereby decisions by national or state governments may impact our ability to effectively trade in these markets and may delay award of contracts leading to loss of revenue and reputational damage.

Mitigation

- Maintain close relationships with partners and potential end customers to respond to the changing demands of the market and maximise contract wins.
- Employ world class experts in their fields in many areas of the business to respond to market requirements and anticipate the changing demands of the market.
- Analyse market data regularly to provide valuable information on demand changes, to allow the Group to react to these changes in a timely manner.
- Use local partners who are familiar with local market conditions as agents or resellers of our technology.
- Regular communication with stakeholders to update and educate on the macroeconomic conditions.

Laws and regulatory risks

9. Failure to comply with relevant environmental, H&S and other applicable legislation

Risk and impact

HSE investigations could lead to possible enforcement actions including fines, enforcement notices. Failure to comply with relevant legislation could lead to risk of site closure.

Mitigation

- Detailed understanding of legislative requirements with internal involvement, consultative support and capital investment.
- Pro-active role in ensuring the Group's systems and procedures are adapted to ensure compliance. This is done with a specialist Health and Safety organisation.
- Continuation of relevant training and assessment of employee skills across the Group.

Employee Matters

The responsibility for the recruitment and management of resources lies with the Executive Directors.

Headcount

The average number of employees decreased during the year ending 31 March 2025 to 113 (2024: 117). The management, development and delivery of the Group's innovative technologies is made possible through the contribution of highly skilled staff based in the UK and India. Staffing requirements continue to be monitored by region to ensure suppliers and customers are fully supported, while at the same time keeping costs optimised.

Diversity

CyanConnode is a multicultural, global organisation and we are committed to providing equal opportunities for training, career development and promotion to all employees, regardless of any physical disability, gender, religion, race or nationality. Women comprised 60% of employees that reported to the Board, or 3 out of 5 employees (2024: 25%, or 2 out of 8 employees) and at Board level 16.7% (2024: 20%). At year end women comprised 10% of total employees across the Group (2024: 13%) or 11 out of a total of 115 employees (2024: 15 out of 120). The Group has and encourages a diverse workforce.

OPERATIONAL REVIEW PRINCIPAL RISKS AND UNCERTAINTIES

Employment Policy

Applications for vacancies are considered based on capabilities and reflecting the requirements of the role, and resources for development and training are made available to all employees. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues, and that appropriate training is arranged.

Environmental Policy

CyanConnode recognises that it has a moral duty of care as well as a legal obligation to the environment and is committed to minimising the impact of its activities on the environment. Taking a responsible approach to the environment is good business practice as well as essential in helping the world to tackle climate change issues. Our technology is also at the heart of new strategies that will deal with other environmental and resource challenges such as the management of smart grids and water resources. During 2019 CyanConnode received ISO14001 accreditation, which has been successfully audited on regular occasions, most recently in 2025. It also works closely with its landlord and other companies located in the same building to ensure environmental awareness and implement eco-friendly initiatives and policies within the building.

The key points of CyanConnode's environmental strategy are to:

- Minimise waste by evaluating operations and ensuring they are as efficient as possible.
- Use products efficiently and actively promote recycling both internally and amongst its customers and suppliers.
- Source and promote a product range to minimise the environmental impact of any production and distribution.
- Meet or exceed all the environmental legislation that relates to the Group.
- Encourage employees to use alternative methods of transport to work other than motor vehicles.
- In territories other than the UK, building out local workforces to reduce carbon footprint with less flying.
- Introduce and encourage more online meetings to reduce travel requirements across the globe.

CyanConnode encourages its members of staff to commit to the environment and works with suppliers who are certified ISO14001 or work towards the protection of the environment.

The ultimate responsibility for CyanConnode's environmental policy lies with its Board of Directors. The policy is communicated to all employees within the Group via email. It is also available on the Group's website. It is the responsibility of each employee to follow the rules and procedures the Group has set for its environmental work. The purchasing department is responsible for ensuring all environmental considerations and policies are followed in all purchasing and procurement for the Group.

Health and Safety Management

The Group operates predominantly in an industry and environments which are considered relatively low risk from a health and safety perspective. However, the health and safety and welfare of CyanConnode's employees, contractors and visitors are a priority in Group workplaces worldwide. There are health and safety risks attached to some of the work undertaken by employees and to travel to territories in which CyanConnode is currently engaging in business. Electrical safety training is given to all new employees and contractors upon joining the Group. Travel advice is always checked on the FCO website prior to employees travelling to any region, and if a region is considered unsafe employees will not be permitted to travel there. Employees are advised to be vigilant while travelling and keep in regular contact with the CyanConnode offices in Cambridge and Gurgaon.

The Board is ultimately responsible for health and safety matters. CyanConnode has a Health and Safety Manager who manages the health and safety of the Group on a day-to-day basis taking advice from an external firm of health and safety consultants. The Board discusses health and safety at all Board meetings. All accidents and incidents are reported to them.

Ethical Standards

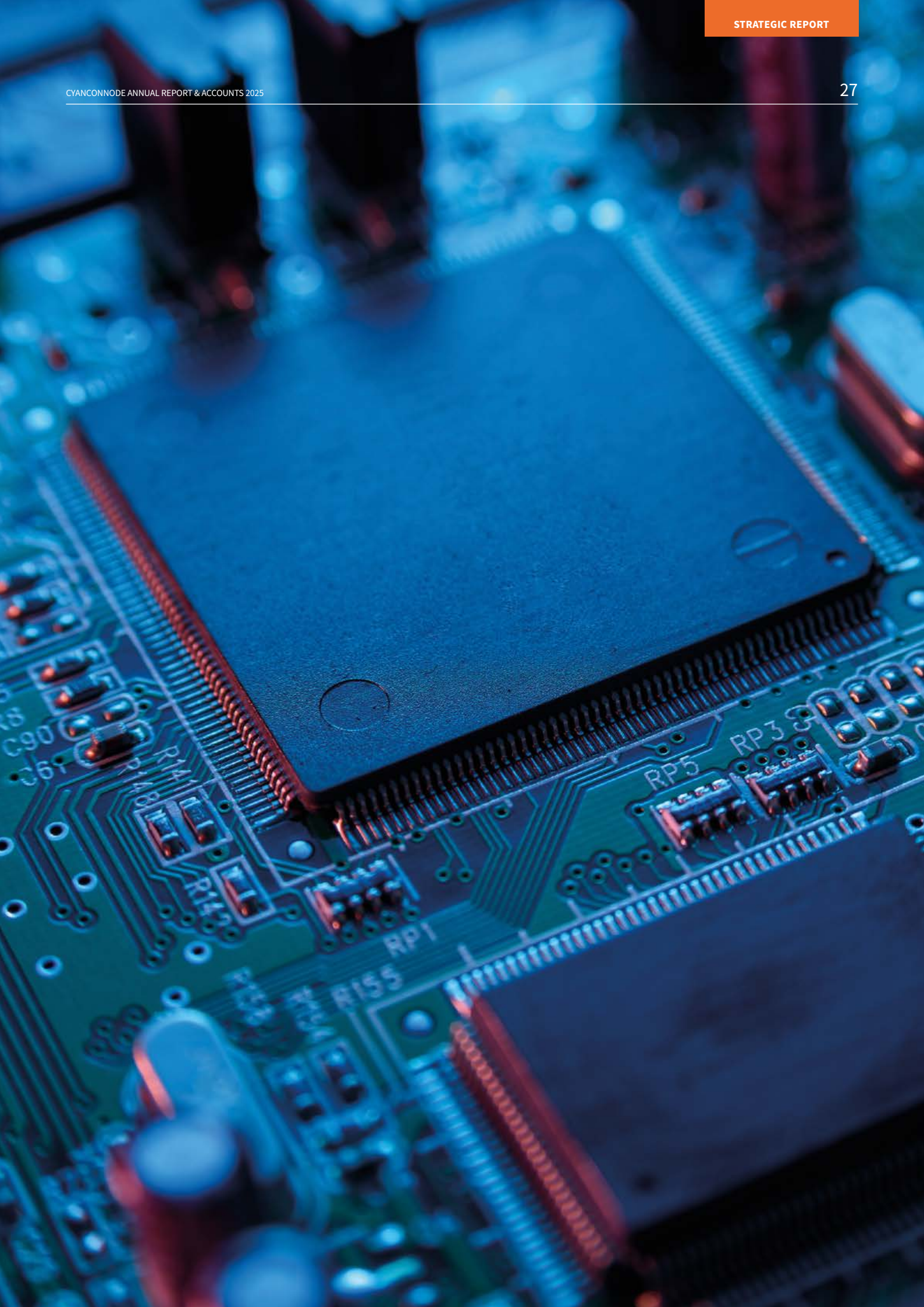
CyanConnode expects the highest of ethical standards of all its employees and its policies and procedures support its stated aim of acting with integrity in all aspects of its operations.

Moreover, the same standards are expected of its suppliers including its contract equipment manufacturers in India and China and we seek to ensure compliance by having partners and suppliers sign up to our policies of business.

Approved by the Board of Directors and signed on behalf of the Board.

John Cronin
Group CEO

22 July 2025



GOVERNANCE

Board of Directors


Björn Lindblom

Non-Executive Chairman

Björn joined the board as a Non-Executive director in January 2024 and took the role of Chairman in May 2025 when the Executive Chairman role previously held by John Cronin was split for good corporate governance purposes. He joined Connode in 2011 as Chairman and in 2012 was appointed CEO, a position he held until Cyan acquired the Company in 2016.

Björn is a successful serial entrepreneur with a corporate background in the communications industry with companies including Ericsson and MCI WorldCom. Björn has successfully grown several IoT companies over the last 22 years and pioneered radio-based smart metering in the Nordic markets. Björn has served as CEO, Chairman and board member in a number of technology companies, including Allgon AB, listed on NASDAQ First North. He is currently Co-Founder and Chairman of Luvly AB, a company designing and selling sustainable electric vehicles.

Björn holds the role of the Chairman of the Remuneration Committee and is a member of the Audit and Nominations Committees.


John Cronin

Group CEO and
Chairman India

John joined the Board in March 2012 initially as a Non-Executive Director, then as Executive Chairman of CyanConnode. In May 2025, due to the growth of the Group, it was agreed that as good corporate governance his role would be split and he is now the Group CEO and Chairman of India. He is a highly successful Chairman, CEO and MD in International markets (Europe, Americas, SE. Asia) in the Technology and Telecommunications sector including, Smart Metering, IOT, Software companies, Infrastructure, Hardware Utilities and Managed Services.

John is a seasoned and successful professional with experience in raising equity, debt facility and vendor finance funding as well as setting up operations in international markets. He has created significant value for shareholders with four company exits in Picochip, Azure Solutions, i2 and Netsource Europe. He has been instrumental in mergers and acquisitions worldwide, including Cyan's acquisition of Connode.

John's contribution to high-tech industries includes being Chairman, CEO, NED, or adviser to Antenova, GCI Com, Aria networks, Picochip, Arqiva, i2, Cambridge Networks, Kast, Azure, Next2Friends, Bailey Fisher, Netsource, Mercury (C&W), BT and providing independent consultancy to private equity and VC firms.


Heather Peacock

Chief Financial Officer &
Company Secretary

Heather is an accomplished CFO with over 30 years of senior-level global financial experience across multiple sectors in the UK and South Africa. Her expertise includes fundraising, financial modelling, treasury management, mergers and acquisitions, financial planning and analysis, cash flow management, legal and compliance, and subsidiary governance.

Since joining CyanConnode in 2008, Heather has been instrumental in driving the company's growth and strategic direction. She has overseen multiple fundraising rounds, spearheaded the establishment of operations in India and, more recently, in the UAE, and led the acquisition of Connode in 2016. She currently oversees the Group's financial, legal, corporate governance, and HR functions.

Heather is a Fellow of both the Chartered Institute of Management Accountants and the Chartered Governance Institute.

BOARD OF DIRECTORS

**David Johns-Powell**

Non-Executive Director

David, who joined the board in July 2018, has over 30 years' experience in Small to Medium Sized Enterprises over a diverse range of industries including, Ceramics, Farming, Insurance, Leisure and Property.

His career started in Ceramics, where he built a manufacturing facility from scratch and by utilising cutting edge automation, the business became one of the UK's largest manufacturers of ceramic coffee mugs. As well as local markets, product was exported worldwide, and customers included Cadburys, Disney, Sainsbury and Woolworths.

As a professional investor, David is actively involved in several investments which include a 360 key hotel development, a Beach Club, a Wood Modification Plant and a Peak Power Plant.

As well as running his own businesses, David is also a member of the Society of Lloyd's, where he is one of the few remaining members that underwrite insurance on an unlimited liability basis.

**Peter Tyler**

Non-Executive Director

Peter joined the Board in March 2019 and is a fellow of the Association of Chartered Certified Accountants. He has held a number of roles in finance, mainly in the pharmaceutical sector, and is well versed in growing businesses and creating shareholder value. Peter has also been involved in a number of charities where his role has been building them up, putting in place structures, processes and teams and funding to satisfy the demands of the programmes.

Peter holds the role of Chairman of the Audit Committee and is a member of the Remuneration Committee.

**Lyndon Faulkner**

Non-Executive Director

Lyndon joined CyanConnode in November 2024 as a Non-Executive Director, bringing over thirty years of visionary leadership as a senior business executive. Having held key positions at major international organisations, his career includes roles as Chairman & CEO of Pelican Products, General Manager of Microsoft Corporation (Nasdaq MSFT), and executive roles at Technicolor Home Entertainment and Nimbus CD International (Nasdaq NMBS). Lyndon has also served as a senior adviser to numerous companies in the private equity space.

He has a proven track record of driving profitable businesses and helping bring industry-shaping products and technologies to market, including the Compact Disc, CD's Digital Video Disc, DVD's at Nimbus/Technicolor and illustrious products like Microsoft Windows, Office XP and XBOX. This track record also includes preparing and taking a company public through an IPO, executing numerous international corporate merger and acquisitions, and generating revenue through international and domestic business expansion.

In his role at CyanConnode, Lyndon will serve as a senior adviser, focusing on investor relations and strategic growth.

Björn Lindblom
Chairman

22 July 2025

GOVERNANCE

Financial Review

Key Financials

Financial Summary

Despite a large increase to the Group's contracted order book during Financial Year 2025, slower than expected deployments on the ground resulted in lower than expected revenue, due largely to the impact of local and national elections in India, which temporarily delayed decision-making processes. Additionally, there was some consumer resistance to the transition to prepaid smart metering models, which, although addressed by regulatory frameworks, caused operational delays on the ground.

It is important to stress that underlying customer orders remain intact, and there is no change in the Government of India's strong policy commitment to the nationwide transition to smart metering. We understand the Government of India has also expanded its ambition, increasing the target deployment of smart meters from 250 million to 330 million, further reinforcing the scale of the opportunities for CyanConnode.

Consumer resistance is being actively overcome, supported by regulatory frameworks which require customers to accept the installation of smart meters once proper notification and procedures are followed. Distribution companies (DISCOMs) have the statutory authority to enforce the rollout, and this is providing greater certainty over future deployment schedules.

A summary of the key financial and non-financial Key Performance Indicators ("KPIs") for the year and details relating to its financing position at the year end are set out in the table below and discussed in this section.

	Year Mar 2025 £000	Year Mar 2024 £000	Year Mar 2023 £000	Year Mar 2022 £000	Year Mar 2021 £000
Revenue	14,177	18,730	11,732	9,562	6,437
Gross Margin %	35%	30%	36%	52%	48%
R&D expenditure (including staff costs)	2,267	3,573	2,247	1,755	1,791
Operating costs	9,053	9,817	7,561	6,025	5,788
Operating loss	(3,847)	(4,204)	(3,347)	(1,017)	(2,685)
Depreciation and amortisation	396	398	489	616	627
EBITDA	(3,451)	(3,806)	(2,858)	(401)	(2,058)
Stock impairment	17	20	102	62	108
Impairment of intangible assets	–	791	968	–	–
Share based compensation	220	51	224	363	80
Foreign exchange losses / (gains)	393	194	8	34	(15)
Adjusted EBITDA ⁴	(2,821)	(2,750)	(1,556)	58	(1,885)
Cash and cash equivalents	3,332	783	4,070	2,355	1,489
Average monthly operating cash outflow	(463)	(242)	(185)	(261)	(81)
	Mar 2025 FTE ⁵	Mar 2024 FTE	Mar 2023 FTE	Mar 2022 FTE	Mar 2021 FTE
Average	113	117	64	59	47
Year end	115	120	70	60	54

4 Where Adjusted EBITDA is Operating loss before amortisation, depreciation, inventory impairment, impairment of intangible assets, share-based compensation and foreign exchange losses.

5 Where FTE is the equivalent number of full-time employees.

FINANCIAL REVIEW

Gross Margin is higher than FY24 because of the launch of a new gateway at the start of FY25, which meant that significant one-off costs linked to the difficulty of sourcing an end-of-life component for the version of gateways being shipped in FY24 were not incurred in FY25. There is expected to be some variation in gross margins over the life of the projects in India as margins in the first two years consist of mainly lower margin hardware, increasing to greater than 90% after year two when the main revenue transitions to higher margin support and services.

Included within the table on the previous page are two alternative performance measures ("APMs" – see note 2): EBITDA and adjusted EBITDA. These are additional measures which are not required under UK adopted International Accounting Standards. These measures are consistent with those used internally and are considered important to understanding the financial performance and the financial health of the Group.

EBITDA (Loss) before Interest, Tax, Depreciation and Amortisation is a measure of cash generated by operations before changes in working capital. Adjusted EBITDA is a measure of cash generated by operations before stock impairment, impairment of investments, share-based compensation, impairment of intangible assets and foreign exchange losses. It is used to achieve consistency and comparability between reporting periods.

Financial items of note during the year:

- Cash received from customers during FY25 was £14.2 million (2024: £16.9 million)
- Trade and other receivables increased by £3.7 million during the year to £17.2 million (including retentions) largely as a result of increased contract assets
- R&D cash tax credit of £0.4 million for FY25 (FY24: £0.7 million) as a result of legislative changes regarding R&D Tax Credit Claims reducing the amounts to be claimed
- Short-term working capital facility entered into by CyanConnnode Private Limited with ICICI Bank Limited for INR500 million. A deposit account held in CyanConnnode Holdings plc has been set up with ICICI Bank in the UK and this has been used to secure this facility, via a Standby Letter of Credit (SBLC), therefore restricting the use of the deposit limited to the amount of the short-term working capital facility.

As at 31 March 2025 £ 1.3 million had been drawn down against the SBLC of £2.5 million.

- Working capital continued to be a challenge through FY25
 - Under the business model which drives revenue recognition, contract assets with financing components increased during the year, but the cash for these contractual obligations won't be recovered for multiple years
 - Trade and other payables increased from £8.5 million in FY24 to £9.9 million in FY25 due to increased demand for future deliverables on new contracts
 - Creditor days increased to 276 in FY25 from 124 in FY24
 - The cash inflow from the equity raise in September 2024 (£5.4 million before expenses) and the £5 million short-term loan provided by a large shareholder in March 2025 contributed to ensuring that working capital during the year for the continued growth of the Group

During the year an advance of £400,000 against the FY24 R&D tax credit was received and was repaid out of the FY24 R&D tax credit funds received from HMRC during FY25. Two loans for the value of £200,000 each have been secured from two directors against the FY25 R&D tax credit since the year end and will be repaid out of the FY25 R&D tax credit funds received from HMRC.

The new merged Research and Development Expenditure Credit (RDEC) scheme came into effect and applies for accounting periods beginning on or after 1 April 2024. The RDEC is given as a taxable credit on the amount of qualifying R&D expenditure payable as cash or as an offset against the company's corporation tax liabilities. The RDEC is classified as other income under the new scheme rules. See note 9.

Letters of credit, invoice discounting and advance payments have been negotiated on recently won contracts to help with working capital requirements. Subcontracting arrangements have been finalised whereby the Group has appointed a specialist subcontractor under an innovative arrangement, where all project funding is sourced externally, resulting in no project funding requirement from CyanConnnode.

FINANCIAL REVIEW

Key Performance Indicators (KPIs)

The financial and non-financial KPIs for the Group are as set out in the table above and described below.

- **Revenues** for FY25 were 24.3% down on FY24 revenues, largely as a result of delays to deployments caused by state and local elections.
- **Gross margin** for the year increased from 30% to 35%, largely due to the release of our new gateway which no longer required an end-of-life component. During FY24 we were required to purchase this component at a significant premium due to its scarcity. Gross margin will however vary from year to year, depending on the stage of deployment of each contract. Hardware, for which revenue is recognised typically during the first two years of a contract, is at a lower gross margin than software and services for which revenue can be recognised later in the deployment.
- **Operating costs** for the year reduced by 8% compared to FY24, largely because FY24 operating costs included an impairment of intangible assets for £0.8 million.
- **Adjusted EBITDA** loss remained constant at a loss of £2.8 million in FY25 despite lower revenues as a result of improved gross margin.
- **Cash and other financial assets** at the end of FY25 were £5.8 million compared to £0.8 million at the end of FY24 following the receipt of a short-term loan for £5 million and share placing of £5.4 million in September (before related expenses). The cash figure of £5.8m provided in our Trading Statement on 28 April 2025 included £2.5 million (refer to note 19) which is held in a fixed deposit in the UK, against which an overdraft facility of the equivalent amount in India is secured. At 31 March 2025, £1.3m of the overdraft had been utilised (refer to note 25).
- **Average headcount** decreased to 113 (FY24: 117), and FTEs at year end decreased from 120 in FY24 to 115 in FY25.

Non-financial KPIs included the number of modules shipped which decreased from 1,371,000 in FY24 to 1,257,000 in FY25. Furthermore, 14,000 NBlot gateways (FY24: 55,000) and 7,000 Omnimesh gateways (FY24: 6,000) were delivered during the year collectively across MENA and India regions.

The Group's long-term strategy is to deliver shareholder returns by generating revenue and moving into profitability. It seeks to do this by focusing its resources on emerging but fast-growing markets where it believes it can reach a market leading position with its technology.

Management uses KPIs to track business performance, to understand general trends and to consider whether the Group is meeting its strategic objectives. As it grows it intends to review these KPIs and adapt them as appropriate, in response to how the business and strategy evolves.

The Group's key focus for the financial year ending March 2025 was winning its first project as an AMISP and following the submission of the tender for the contract for the Goa Electricity Department in November 2024, focus has been to secure project funding for this project. In July 2025, the Group announced that it has appointed a specialist subcontractor under an innovative arrangement whereby all project funding is sourced externally, preserving the Group's balance sheet, while retaining control of project execution.

It has also continued to streamline and improve its processes from order to delivery and working to close further orders. A further focus of the Group was ensuring collection of cash from customers as Group revenues continued to grow.

Going concern

To assess the ability of CyanConnode Holdings plc (the "Group") and company to continue as a going concern, the directors have prepared a business plan and cash flow forecast for the period to 31 March 2027 which, together, represent the directors' best estimate of the future development of the Group. The forecast contains certain assumptions, the most significant of which are the level and timing of sales, the timing of customer payments and the level of working capital requirements.

The detailed cash flow scenarios include:

- invoice Letters of Credit which have been secured from customers against certain contracts
- The cash flow scenario also includes the assumption that no cash is required for the Goa contract recently won due to an innovative subcontracting arrangement in place for the deployment of the contract

At 31 March 2025 the Group had cash and other financial assets of £5.8 million (FY24: £0.8 million) and based on detailed cash flows provided to the Board within the FY26/27 budget, there is sufficient cash to see the Group through to profitability based on its standard operating model. In the first quarter of FY26, £2.8 million has been received from customers. At the end of June 2025, the Group had cash and other financial assets of £5 million which included £4.5 million held in a fixed deposit in the UK against which an overdraft facility of the equivalent amount in India is secured. At 30 June 2025, £3.8 million of the overdraft had been utilised.

FINANCIAL REVIEW

This followed the receipt of the first convertible loan note for \$7.5 million, which was used to repay the £5 million short-term loan received in March 2025. The cash from the second \$7.5 million loan was only received in mid-July. Interest will be charged at 7% per annum. Repayment of the first \$7.5 million is due at the earliest of April 2028 and no later than April 2030, after which the Lender is entitled to convert the loan notes into equity if the loan is not repaid. The second repayment of \$7.5 million is due to be repaid at the earliest date of July 2028 and no later than July 2030 after which the Lender is entitled to convert the loan into equity if not repaid.

However, should the Group require additional cash to cover working capital, as a result of the targeted rapid growth, there could be a requirement for additional funding for this. The Group is discussing working capital funding solutions with banks, particularly in India, and it is believed that since the Indian entity was profitable for FY24 and FY25, a suitable additional facility could be secured.

A loan previously granted from one director of £400,000 to assist with working capital was repaid during the year. The Group also received an advance of £400,000 from two of its directors, secured against the Company's R&D tax credit after 31 March 2025. The advance against the R&D tax credit will be repaid out of the HMRC receipt which is expected to be received by October 2025.

Notwithstanding the material uncertainties described above, which may cast significant doubt on the ability of the Group

and company to continue as a going concern, on the basis of sensitivities applied to the cash flow forecast, the directors have a reasonable expectation that the company can continue to meet its liabilities as they fall due, for a period of at least 12 months from the date of approval of this report.

Financial Risk Management Objectives and Policies

Details of the Group's financial risk management objectives and policies are disclosed in note 36 to the financial statements.

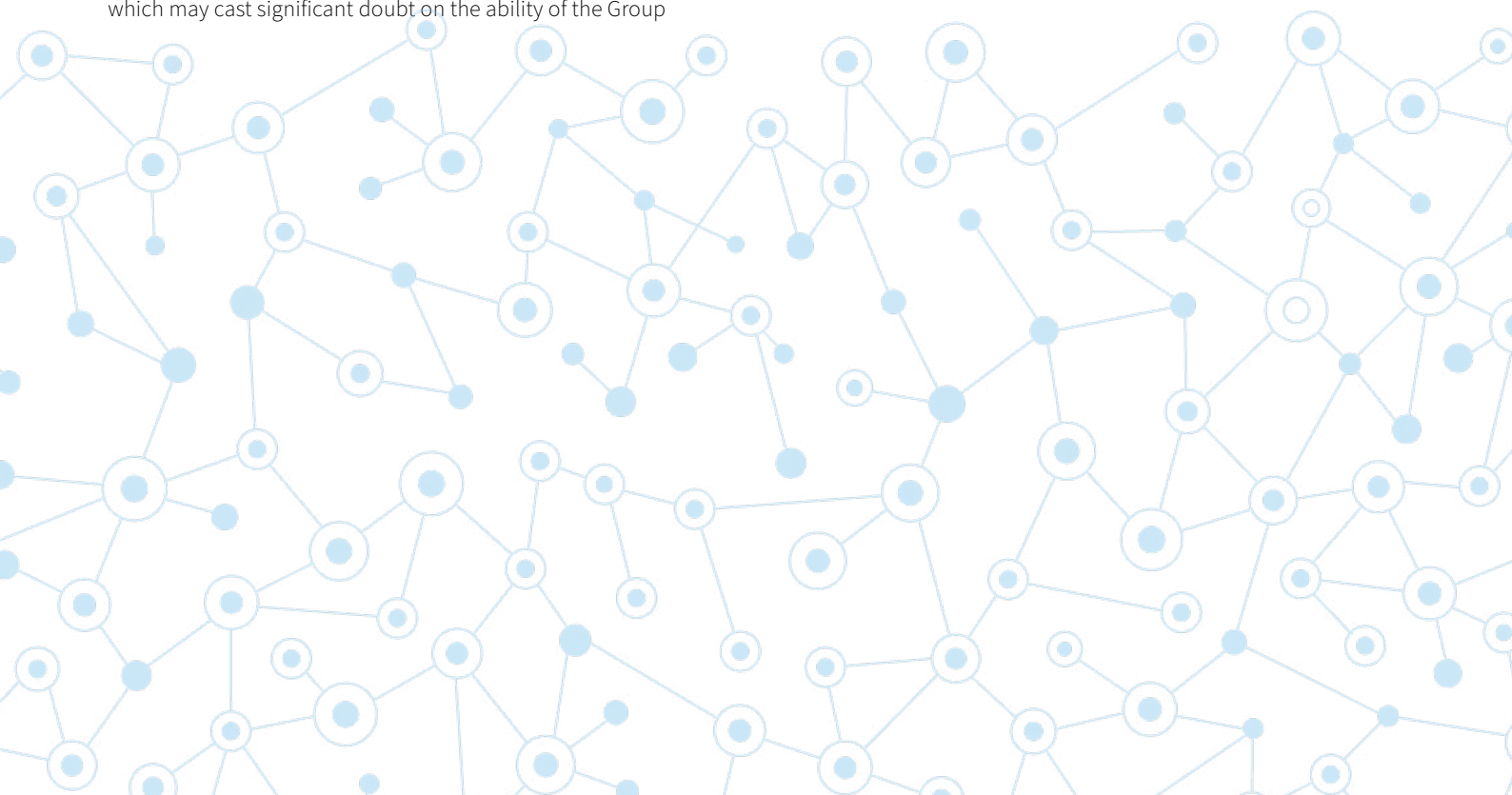
Dividends

The directors do not recommend the payment of a dividend (2024: £nil). The Group has no plans to adopt a dividend policy in the immediate future and all funds generated by the Group will be invested in the further development of the business, as is normal for its industry sector and stage of its development.

Heather Peacock

Chief Financial Officer

22 July 2025



GOVERNANCE

Corporate Governance Statement

Statement of Compliance with the QCA Corporate Governance Code

As an AIM quoted company, we recognise the importance of applying sound governance principles in the successful running of the Group. Given the size and nature of the Group and composition of the Board, we have formally adopted the 2023 QCA Corporate Governance Code for Small and Mid-Size Quoted Companies (the QCA Code), which came into effect in April 2024. We will report annually on our compliance with the QCA Code in our Annual Report.

As the business continues to grow it needs a strong, effective, entrepreneurial and engaged Board with the right skills and experience to oversee the strategy, governance, risk and financial frameworks across the organisation. The Board was refreshed in November 2024 with the appointment of one additional Non-Executive Director bringing relevant skills and experience to the Board. In addition, in May 2025 the Chairman and CEO roles, both previously held by John Cronin, have been separated, with Björn Lindblom taking on the role of Chairman, while John Cronin has become CEO.

We will continue to review the Board’s composition to ensure that it maintains appropriate skills, experience, independence, and particularly diversity and that it remains effective.

The sections below set out how we currently comply with the ten principles of the QCA Code which came into effect in April 2024. The core of the QCA Code requires companies to aspire to deliver growth in long-term shareholder value, having regard to the interests of other stakeholders. This requires an efficient, effective and dynamic governance framework and should be accompanied by good communication in order to promote and retain confidence and trust.

The principles of the QCA Code can be grouped into three areas, one to deliver growth, one to maintain a dynamic management framework, and one to build trust.

A. DELIVER GROWTH

PR No	Principle	How we apply
1	Establish a purpose, strategy and business model which promote long-term value for shareholders	<p>The Group’s purpose, strategy and business model of the Group, including risks and uncertainties and how the Group mitigates against these, are set out on pages 1 to 3 of the FY25 Annual Report and on pages 22 to 25 of the Strategic Report.</p> <p>The Executive Directors are responsible for the leadership and day-to-day management of the Group. This includes formulating and recommending the Group’s long-term strategy for Board approval and then executing the approved strategy.</p>
2	Promote a corporate culture that is based on ethical values and behaviours	<p>Details on our values are set out on pages 1 to 2 of the FY25 Annual Report.</p> <p>We recognise that it is our people who make us different, and we strive to recruit, retain, engage and develop the best.</p> <p>We continue to encourage our unique and supportive culture, which we believe sets us apart from competitors. The Group endeavours to ensure that its values are visible throughout its recruitment processes, internal communications and management style, corporate reports and external announcements. We expect that the Board and Senior Leadership Team demonstrate these values in their day-to-day work, setting the example for the rest of the Group. All policies and procedures are designed with these values at their core. The Company Secretary keeps in regular contact with teams in the UK and in India to ensure that these values are recognised and respected.</p> <p>Upon commencement of an employee’s contract, they are given an induction programme to provide them with all information relating to Company procedures and values. The Group operates from two offices, one in Cambridge in the UK and one in Gurgaon in India, and has a subsidiary in Stockholm, Sweden (which has no employees). Our comprehensive set of policies and procedures, many of which fall under the Company’s ISO accredited procedures, cover all of our operations. They are constantly updated and communicated to relevant employees and everyone else working on our sites. Details of these policies can be found on pages 25 to 26 of the FY25 Annual Report.</p> <p>Any significant deviations from the ethical behaviour are reported to the Board to address them. Employees’ employment contracts have previously been terminated if their behaviour has been deemed to be unethical and against Group values.</p>

CORPORATE GOVERNANCE STATEMENT

PR No	Principle	How we apply
3	Seek to understand and meet shareholder needs and expectations	<p>The Group seeks regular dialogue with both existing and potential new shareholders, ensuring our strategy, business model and performance are clearly understood as well as to understand the needs and expectations of shareholders. The Group CEO and Chief Financial Officer meet regularly with investors and analysts via investor roadshows, investor presentations and events and hosting tours of our development sites in order to provide them with updates on the Group's business and obtain feedback regarding the market's expectations of the Group.</p> <p>The Board invites communication from its private investors and usually encourages participation by them at the Annual General Meeting (AGM). All Board members attend the AGM and are available to answer questions from shareholders. Notice of the AGM is in excess of 21 clear days and the business of the meeting is conducted with separate resolutions, voted on initially by a show of hands and with the result of the voting being clearly indicated. The results of the AGM are announced through a regulatory information service.</p> <p>Further information on how we have engaged with shareholders can be found on page 16 of the FY25 Annual Report. The normal channel of communication with shareholders is via our Group CEO and Chief Financial Officer. This is set out on regulatory news releases by the Company and on the Company's website.</p>
4	Take into account wider stakeholder interests, including social and environmental responsibilities, and their implications for long-term success	<p>The Executive Directors are responsible for ensuring that the Group has a clear understanding of its key resources and relationships and that these are effectively managed. They need to ensure that the Group's strategy is aligned with stakeholder needs and that the Group has the necessary skills and capabilities to deliver on its objectives.</p> <p>CyanConnode identifies key resources through a comprehensive approach that involves several steps and considerations:</p> <p>Understanding Stakeholder Needs: The company places a strong emphasis on understanding the perspectives of all its stakeholders, including employees, customers, suppliers, and the community. This understanding helps the company ensure that it can promote success while being aware of its impacts on these groups 1.</p> <p>Engagement and Reporting: At an operational level, engagement with stakeholders is reported to the Board via the Executive Directors and through written and verbal reports from the Group Leadership Team. This ensures that the Board is fully informed about stakeholder needs and can make decisions that consider these needs 2.</p> <p>Risk Management: The company has a structured approach to risk management, which includes setting and communicating the Group's risk appetite, aligning risk mitigation with strategic objectives, and embedding effective risk management in the company culture. This helps in identifying and managing key resources effectively 3.</p> <p>Employee Engagement: CyanConnode recognizes the importance of its employees and engages with them regularly through various means, including town hall sessions, team-building events, and direct communication. This engagement helps in identifying key human resources and ensuring their well-being and productivity 4.</p> <p>Supplier and Customer Relationships: The company maintains strong relationships with its suppliers and customers, engaging with them regularly to understand their needs and ensure the timely delivery of products and services. This helps in identifying key resources in the supply chain and customer base 5 and 6.</p> <p>Corporate Social Responsibility (CSR): CyanConnode is committed to making a positive impact on the community and the environment. This commitment includes supporting local communities, maintaining good relationships, and providing employment opportunities. These efforts help in identifying key resources within the community and ensuring sustainable operations 7.</p> <p>By integrating these practices, CyanConnode ensures that it identifies and manages its key resources effectively, aligning them with the company's strategic objectives and stakeholder needs.</p> <p>The responsibility for all stakeholder engagement lies with the Executive Directors, who travel frequently to the territories where the majority of our customers and suppliers are based to directly obtain feedback from these stakeholders. In addition, and as set out in the previous principle and the s.172 report in the FY25 Annual Report, the Executive Directors maintain regular dialogue with shareholders.</p> <p>The Group is mindful of its corporate social responsibilities and the need to build and maintain strong relationships across a range of stakeholder groups is a key principle in what we do. Engaging with our stakeholders allows us to create a positive legacy and create strong stakeholder relationships. In addition to regular engagement at a top level by the Executive Directors, our project teams engage with stakeholders throughout the development life cycle to help enrich communities. Further information on how we engage with our stakeholders can be seen in the s.172 report on pages 15 to 17 of our FY25 Annual Report.</p>

CORPORATE GOVERNANCE STATEMENT

PR No	Principle	How we apply
		<p>Our employees are at the heart of our business and we consistently strive to ensure they have the opportunity to develop in a job they enjoy. We embrace diversity and employ people from a range of cultures and backgrounds across the group. Further information on our diversity policy can be found on pages 25 to 26 of our Strategic Report in the FY25 Annual Report.</p> <p>Our technology has been designed to address social problems, particularly in emerging territories such as India where there are significant losses to the government in the electricity sector. Our technology is low-cost, low-power and seeks to prevent theft from electricity or tampering with electricity meters. These features allowed utilities to safely read meters and carry on business remotely during the COVID-19 pandemic. It also results in large savings and reductions in CO2 emissions by automating the advanced metering infrastructure.</p> <p>The Group's revenue is dependent on delivering complex projects to specific markets and therefore ensures that cross-functional teams including senior employees work together with customers and local, in-country employees and partners to ensure the successful integration of its products and technologies.</p> <p>Our customers and partners are key to the Group's success. The sales and delivery teams obtain feedback from customers regarding current products, product requirements and customer service through regular interactions with customers mainly comprising both face to face meetings and online discussions where travel is not possible.</p> <p>Our Environmental policy and Health and Safety Management policy (see pages 25 to 26 of the FY25 Annual Report), provides information on the Group's approach to the environment. The Group was awarded accreditation for the ISO14001, ISO9001 (2015) and ISO27001 standards in 2019 and has passed all audits for these accreditations since. These accreditations are updated as standards are replaced with new ones.</p> <p>CyanConnode fully abides by the Modern Slavery Act 2015.</p>
5	Embed effective risk management, internal controls and assurance activities, considering both opportunities and threats, throughout the organisation	<p>The Board is responsible for the Group's system of internal controls and for reviewing its effectiveness. Such a system is designed to mitigate the risk of failure to achieve business objectives and can only provide reasonable, but not absolute, assurance against material misstatement or loss.</p> <p>There is an ongoing process for identifying, evaluating and managing the Group's significant risks and is regularly reviewed by the Board. This was of particular importance during the COVID-19 pandemic and the Group found its processes to be robust minimising any impact of the lockdown. In addition, as part of the Group's ISO processes, it maintains a risk register setting out its key risks and likelihood of these occurring. This register is reviewed on at least an annual basis by the Executive Directors, who will raise any significant risks being posed to the Group to the Board of Directors who will determine the most appropriate action. This will help determine how much risk the Board is prepared to take on these risks. The risk register will also monitor climate related risks. The Group's ISO policies for ISO14001 and its Environmental Policy, set out on page 26 of the FY25 Annual Report, provide further information on this.</p> <p>The internal control procedures are delegated to Executive Directors and senior management in the Group, operating within a clearly defined departmental structure. The Board regularly reviews the internal control procedures in light of the ongoing assessment of the Group's significant risks.</p> <p>On a regular basis, management accounts, including a comprehensive cash flow forecast, are reviewed by the Board in order to provide effective monitoring of financial performance. At the same time the Board considers other significant strategic, organisational and compliance issues to ensure that the Group's assets are safeguarded, and financial information and accounting records can be relied upon. The Board formally monitors progress on each development.</p> <p>Please see pages 22 to 25 of the FY25 Annual Report for a summary of the principal risks and uncertainties facing the Group, as well as mitigating actions.</p> <p>The Group takes security of personal data seriously and ensures compliance with the GDPR which came into effect on 25 May 2018. The Group's privacy policy can be found on the Company's website at https://cyanconnode.com/about/privacy-policy/</p>

CORPORATE GOVERNANCE STATEMENT

PR No	Principle	How we apply
		<p>The Group also takes security of all data and its intellectual property very seriously and in 2019 received accreditation for the ISO27001 standard. Quality of product and process are important to the Group. The Group has been accredited for ISO9001:2008 since 2008 and received accreditation for the ISO9001:2015 standard in 2019. The standards are updated as new standards become applicable.</p> <p>The Audit Committee intends to review Auditor Independence throughout the corporate reporting cycle. The Chief Financial Officer always considers whether advisers are independent from the Auditors when considering to engaging with them.</p> <p>The Group has adopted an Anti-Bribery policy which can be found on the Company's website at https://cyanconnode.com/investors/bribery-act/. The Group Bribery Officer ensures that all partners and agents working for the Group sign acceptance of the terms of this policy prior to engagement with any Group company and provides training to employees on this policy.</p>

B. MAINTAIN A DYNAMIC MANAGEMENT FRAMEWORK

PR No	Principle	How we apply
6	Establish and maintain the board as a well-functioning, balanced team led by the chair	<p>The Company and Group are managed by a Board of Directors chaired by Björn Lindblom. The Board is responsible for taking all major strategic decisions. In addition, the Board reviews the risk profile of the Group and ensures that an adequate system of internal control is in place. A formal schedule of Matters Reserved for the Board has been adopted and reviewed periodically.</p> <p>It has been agreed that the Board will at any time consist of either two or three Executive Directors and three Non-Executive Directors, including the Non-Executive Chairman. The Non-Executive Chairman, Björn Lindblom and one of the Non-Executive Directors, Lyndon Faulkner, are considered by the Board to be independent of management and free from any business or other relationship that could materially interfere with the exercise of their independent judgement in accordance with the QCA Code. Both David Johns-Powell and Peter Tyler are only considered as non-independent due to their shareholdings in the Company. The Board is constantly evaluating the requirement for independence on the Board. This evaluation has led to the splitting of the Executive Chairman role, previously held by John Cronin, into the roles of Non-Exec Chair and Group CEO. In addition, an additional independent Non-Executive Director was appointed during the year. The evaluation will continue during this financial year.</p> <p>The Chairman, Björn Lindblom is available to shareholders where concerns have not been resolved through the normal channels of communication with the Board and for when such contact would be inappropriate.</p> <p>The Nominations Committee ensures, when making new appointments, that the Board has sufficient members to contain the appropriate balance of skills and experience to effectively operate and control the business. No one individual has unfettered powers to make decisions.</p> <p>The Chairman's main responsibility is the leadership and management, of the Board and its governance, including the planning and implementing of resources. The Group has a Group CEO responsible for the strategy and day to day operations of the Group. There is an MD & CEO of its entity in India to manage the Indian operations and the Group Engineering function, which all report into the MD & CEO of India. An Executive Vice President of International Sales handles all sales and opportunities outside of India. A Group Chief Financial Officer manages the finances of the Group while group engineering all reports into the MD & CEO of India.</p> <p>The Executive Directors are responsible for the leadership and day-to-day management of the Group, including recruitment and management of resources. This includes formulating and recommending the Group's strategy for Board approval and executing the approved strategy. The Non-Executive Directors are responsible for providing objective and independent advice to the board and enabling it to make better decisions in the interest of all shareholders and stakeholders.</p> <p>The Board meets at least 4 times a year and more frequently if necessary. It is expected that each Non-Executive director will dedicate sufficient time to the Company to understand the business, prepare for and attend Board and committee meetings and carry out other work that is necessary for them to fulfil their duties as a director.</p>

CORPORATE GOVERNANCE STATEMENT

PR No	Principle	How we apply
7	Maintain appropriate governance structures and ensure that individually and collectively the directors have the necessary up-to-date experience, skills and capabilities	<p><i>Maintain appropriate governance structures</i></p> <p>The Board is made up of the Chairman, two Executive Directors (Group CEO and the Chief Financial Officer), and three Non-Executive Directors. Further information on the composition of the Board and how it operates is set out in Principle 6 above. In addition to any matters that are expressly required by law to be approved by the Board, a number of areas are specifically reserved for the Board as set out in an agreed set of Matters Reserved for the Board which was adopted by the Board in March 2018.</p> <p>The Group's overriding principles are that the Board:</p> <ul style="list-style-type: none"> • Is established to govern by having the appropriate roles, skills and committees to oversee the governance framework under which it operates; • Looks to the future: the Board will devote a large amount of its time to considering the future and providing strategic leadership; • Is ultimately responsible to shareholders for the oversight and performance of the Group; and • Is there to support and maintain a culture of governance, performance, accountability and communication within CyanConnode that embraces and establishes the principles that it has adopted. <p>The Board has an Audit Committee, a Remuneration Committee and a Nominations Committee to oversee and consider issues of policy outside of main Board meetings. Each Committee has written terms of reference setting out its duties, authority and reporting responsibilities, also adopted by the Board in March 2018.</p> <p>Board committees are authorised to engage the services of external advisers as they deem necessary in the furtherance of their duties at the Company's expense. Details concerning the composition and meetings of the committees are contained on pages 40 and 41 of the Corporate Governance Statement in the FY25 Annual Report and on the Company's website at https://cyanconnode.com/investors/governance/</p> <p><i>Ensure that individually and collectively the directors have the necessary up-to-date experience, skills and capabilities</i></p> <p>In line with the Group's Diversity Policy, details of which can be seen on page 25 to 26 of the Strategic Report in the FY25 Annual Report, the Board embraces diversity. The current Directors come from a variety of nationalities and backgrounds, bringing a variety of skills to the Board. The Board considers that the skills, experience and knowledge of each director gives them the ability to constructively challenge strategy and decision making and scrutinise performance. Their biographical details, including previous roles and skills brought to the Board, are set out on the Company's website at https://cyanconnode.com/about/team/ and on pages 28 to 29 of the FY25 Annual Report.</p> <p>As the business develops, the composition of the Board is constantly under review to ensure that it remains appropriate to the skills and requirements of the group. At least one third of the directors retire annually in rotation in accordance with the Company's Articles of Association. This enables the shareholders to decide on the election of the Company's Board.</p> <p>The Board takes decisions regarding the appointment of new directors as a whole and this is only done following a thorough assessment of a potential candidate's skills and suitability for the role.</p> <p>As set out in the Diversity section, within Employee Matters on pages 25 to 26 of the Strategic Report in the FY25 Annual Report, the Group is a multicultural, global organisation and is committed to providing equal opportunities for training, career development and promotion to all employees, regardless of any physical disability, gender, religion, race or nationality. The Group has, and the Board encourages a diverse workforce.</p> <p>During the course of the year, directors' skills and knowledge were kept up to date by receiving updates from the Company Secretary (who is a Fellow of the Governance Institute and receives regular updates from the Institute and other bodies) and external advisers, where relevant, on corporate governance matters. Corporate governance is an agenda item for all Board Meetings where updates are provided and discussed.</p> <p>Directors have access to independent professional advice at the Group's expense. In addition, they have access to the advice and services of the Company Secretary who is responsible to the Board for advice on corporate governance matters.</p>

CORPORATE GOVERNANCE STATEMENT

PR No	Principle	How we apply
8	Evaluate board performance based on clear and relevant objectives, seeking continuous improvement	<p>The effectiveness of the Board and its committees are kept under review in accordance with corporate governance best practice and the performance of the Board is evaluated continuously.</p> <p>Each Non-Executive Director's value and input is continually monitored by the Chairman to ensure they are actively contributing to the Company achieving its strategic and financial objectives. At the time of the appointment of Björn Lindblom, a discussion was had between the Board regarding composition. All agreed that the Board is still a well-balanced Board with a good mix of skills.</p> <p>No externally facilitated board review has taken place, however following recent Board changes such as the appointment of a new Non-Executive Director during FY25, and the appointment of Björn Lindblom as Non-Executive Chairman following the end of the period, the Board intend to discuss this requirement.</p> <p>The Nominations Committee is responsible for succession planning of the Board. Further information on this is set out on page 49.</p>
9	Establish a remuneration policy which is supportive of long-term value creation and the company's purpose, strategy and culture	<p>The Board recognises the pivotal role of the Senior Leadership Team in delivering the Group's growth strategy and performance, and with this, the long-term success of the Company while creating shareholder value. Our reward philosophy is to drive and reward high performance.</p> <p>In formulating remuneration policy for the Executive Directors, the Committee considers a number of factors designed to:</p> <ul style="list-style-type: none"> • Have regard to the Directors' experience and the nature and complexity of their work in order to pay a competitive salary, in line with comparable companies, that attracts and retains Directors of the highest quality; • Reflect the Directors' personal performance; and • Link individual remuneration packages to the Group's long-term performance and continued success through the award of annual bonuses and share-based incentive schemes. <p>In line with recommended guidance, the remuneration of the Executive Directors includes a fixed element (salary, benefits such as private medical, and pension) and a variable element (bonus and long-term incentive plan in the form of a share options scheme).</p> <p>The Company encourages a culture of long-term share ownership of Company shares by serving directors. Further details on the policy as well as details of each director's remuneration, investment and shareholding in the Company can be found in the Directors' Remuneration Report on pages 43 to 47. While the Remuneration Report is not intended to be put to vote this year we are committed to transparency and accountability in our remuneration practices and plan to present the report for an advisory vote next year.</p>

C. BUILD TRUST

PR No	Principle	How we apply
10	Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	<p>Communications with shareholders are given a high priority by the Board. As an AIM listed company there is a need to provide fair and balanced information in a way that is understandable to all stakeholders. The Board recognises the importance of engaging with all stakeholders including investors, partners, suppliers, media, communities and the Government. The Company communicates with shareholders and potential investors through a variety of channels, formal and informal including the Annual Report, Interim Report, RNS announcements, PR, media, corporate website, videos, investor presentations, analyst meetings, social media (Twitter, LinkedIn), emails, one-on-one and group meetings.</p>

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PR No	Principle	How we apply
		<p>The Group Chief Executive Officer and Chief Financial Officer talk regularly with the Company's major shareholders and other relevant stakeholders and ensure that their views are communicated to the Board via email and at Board meetings. By doing this well, it encourages two-way communication for mutual understanding and connection with stakeholders. The benefits include continual transparency of information on the business, consideration of all shareholders views, as well as long-term viability in addition to instilling trust and confidence to allow informed investment decisions to be made by the Board. During the year and post year end feedback from shareholders has been discussed both at Board meetings and via emails between the Board as some shareholders feel that the Group should provide more frequent updates and information to shareholders. As a result we have appointed a Financial PR company to assist with a full communications strategy. In addition, one of the roles to be covered by Lyndon Faulkner is to work with advisers and the Board to lead on Investor Relations strategy. Following these discussions the Board has agreed to provide regular updates of KPIs to shareholders.</p> <p>Following feedback from shareholders it was also agreed to separate the previous 'Executive Chairman' role, held by John Cronin, into Non-Executive Chairman (now held by Björn Lindblom) and Group CEO (now held by John Cronin) roles.</p> <p>The Executive Directors take responsibility for ensuring that communications with shareholders take place by speaking with brokers and analysts on a regular basis. Price sensitive information is released via the London Stock Exchange in accordance with disclosure requirements. Shareholders also have access to all information via our website, annual report, press releases and direct communication.</p> <p>The AGM is held in London and shareholders are encouraged to attend.</p> <p>The Group's website www.cyanconnode.com is regularly updated in accordance with AIM Rule 26 and users can register at https://cyanconnode.com/investors/shareholder-information/investor-alert/ to be alerted when announcements or details of presentations and events are posted on the website. Annual reports and notices of meetings for at least the last five years can be found on the Group's website.</p>

Board and Committee attendance during the year

Director	Board	Audit Committee	Remuneration Committee
Björn Lindblom	10 (12)	2(2)	2(2)
John Cronin	12 (12)**	–	–
Heather Peacock*	12 (12)**	2 (2)	2(2)
David Johns-Powell	10 (12)	–	–
Peter Tyler	10 (12)	2 (2)	2(2)
Lyndon Faulkner	1 (12)	–	–

* Heather Peacock attended the Audit Committee and Remuneration Committee meetings by invite.

** John Cronin and Heather Peacock each attended additional meetings which covered regulatory matters. Authority was delegated to them by the other Directors.

*** Lyndon Faulkner joined the Board in November 2024. The number of meetings above covers the period he was on the Board.

CORPORATE GOVERNANCE STATEMENT

Board Composition and Responsibility

At 31 March 2025 the Board comprised six directors, including the Chairman, the Group CEO, Chief Financial Officer and three Non-Executive directors. Five directors in post at 31 March 2025 served throughout the year.

Name	Role	Appointed	In post 1 April 2024	In post 31 Mar 2025
Executive				
John Cronin	Group CEO*	20/03/12	Yes	Yes
Heather Peacock	Chief Financial Officer**	25/07/18	Yes	Yes
Non-executive				
Björn Lindblom***	Chairman	15/01/24	Yes	Yes
William David Johns-Powell		25/07/18	Yes	Yes
Peter Tyler		19/03/19	Yes	Yes
Lyndon Faulkner		11/11/24	No	Yes

* John Cronin changed role from Executive Chair to Group CEO in May 2025

** Heather Peacock has also held the role of Company Secretary since September 2013

*** Björn Lindblom took on the role of Non-Executive Chairman in May 2025

The Board is responsible for overall strategy, the policy and decision-making framework in which this strategy is implemented, approval of budgets, monitoring performance, and risk management. The Board meets at least on a quarterly basis and follows a formal agenda. It also meets as and when required to discuss matters that may arise in between formal Board meetings. All directors are required to retire by rotation according to the Articles of the Company.

No director has a service agreement requiring more than twelve months' notice of termination to be given.

The Board is satisfied that an appropriate balance of independence, skills and experience has been and remains in place to enable the Board to perform its responsibilities effectively. An overview of the skills and experience of each Board member is given in the Board of Directors Report on pages 28 to 29 in the FY25 annual report and on the Group's website.

The directors may take independent professional advice at the Company's expense.

Board Subcommittees

The Board has three subcommittees as set out below. Each subcommittee has Terms of Reference, approved by the Board, which set out the main roles and responsibilities and remit of each committee. A set of Matters Reserved for the Board and a Board Charter, also approved by the Board, govern the way in which the Board operates and sets out the matters for which the Board has responsibility and those for which the Executive Directors have responsibility.

Audit committee: Peter Tyler (Chairman), Björn Lindblom. Peter Tyler has held the position of Chairman from 19 March 2019.

The Audit Committee Report on page 48 sets out the roles and responsibilities of the Audit Committee.

Remuneration committee: Björn Lindblom (Chairman), Peter Tyler. Björn Lindblom has held the position of Chairman since 15 January 2024.

The Directors' Remuneration Report on page 43 onwards sets out the roles and responsibilities of the Remuneration Committee and the Remuneration Policy for Executive Directors.

CORPORATE GOVERNANCE STATEMENT

Nominations committee: David Johns-Powell (Chairman), Björn Lindblom, John Cronin, Peter Tyler and Lyndon Faulkner.

The Nominations Committee Report on page 49 sets out activities undertaken by the Committee during FY25 and those expected to be undertaken in FY26.

The Company has formal procedures for making appointments to the Board and these are applied to ensure that any new appointments that might be made meet the desired criteria. The Chair continually considers the makeup of the Board to ensure it has the required skills for its industry and stage.

Appointment of senior executives such as the CEO & MD of CyanConnode India are made by the Executive Directors in consultation with the full Board.

Relationships with Shareholders

The Board actively engages with its shareholders on a regular basis, with importance being placed on clear, timely communications. This is in the form of open presentations at the Annual General Meeting and further private presentations thereafter to fund managers, analysts, and institutional investors. Information is posted on the Company's web site, www.cyanconnode.com. Please take a look at the comprehensive Investor Relations section on this website which is regularly updated in accordance with AIM Rule 26. John Cronin and Heather Peacock are the directors responsible for investor relations.

Approved by the Board of Directors and signed on behalf of the Board.

Björn Lindblom
Chairman
22 July 2025



GOVERNANCE

Directors' Remuneration Report

Remuneration Committee

Björn Lindblom has served as chairman of the Remuneration Committee from 15 January 2024.

The only personal financial interests of the members of the Committee are as shareholders. None of the Committee members has any conflicts of interests arising from cross-directorships. The Committee makes recommendations to the Board. No director plays a part in any discussion about their own remuneration.

Whilst companies whose shares are listed on AIM are not formally required to comply with the accounting regulations regarding directors' remuneration, the Board supports these regulations and applies them in so far as is practicable and appropriate for a public Company of its size. In line with previous years, the Directors' Remuneration Report will not be put to a shareholders' vote.

Remuneration Policy for the Executive Directors

Executive remuneration packages are designed to attract, motivate and retain directors of the high calibre needed to maintain the Group's market position to reward them for enhancing value to shareholders. Their packages are set to reflect their responsibilities, experience and marketability. The performance measurement of the executive directors and key members of senior management and the determination of their annual remuneration package is undertaken by the Committee to ensure they remain competitive and also align with the success of the Group.

The main elements of the remuneration package for the executive directors and senior management are:

- Basic annual salary;
- Benefits-in-kind;
- Annual bonus payments;
- Consultancy fees;
- Share option incentives; and
- Pension arrangements.

Executive directors are entitled to accept appointments outside the Company (for example Non-Executive Director roles and Consultancy) providing that the Chairman's permission is sought and is not in conflict with CyanConnode.

All Directors are encouraged to invest in the Company. This table shows the £5.6m they have invested thus far (see page 45 to 46 for more details of their shareholdings).

	Total investment to date* £000	Annual remuneration FY 2025 £000	Total investment as % of remuneration
John Cronin	1,323	358	370%
Heather Peacock	188	234	80%
Björn Lindblom	37	40	93%
David Johns-Powell	3,318	40	8,295%
Peter Tyler	690	40	1,725%
Lyndon Faulkner**	50	–	n/a
Total	5,606	712	787%

* The investment value reflects the cost of actual cash paid at the time of purchase.

** Lyndon Faulkner has received share options in lieu of remuneration.

In addition, during FY25 short-term loans were provided to the Company by David Johns-Powell (£200,000) and Peter Tyler (£200,000) which will be repaid out of the proceeds of the R&D tax credit expected by October 2025. A total of £660,000 of short-term loans were provided by Directors against the FY24 R&D tax credit during the year, and were repaid during the year out of the proceeds of the R&D tax credit received in September 2024.

DIRECTORS' REMUNERATION REPORT

Basic Salary

An executive director's basic salary is reviewed by the Committee prior to the beginning of each year and when an individual changes position or responsibility. In deciding appropriate levels, the Committee considers the remuneration policy for Executive Directors and the Group as a whole. In addition, it relies on objective research, which gives up-to-date information on a comparator group of companies.

Benefits-in-Kind

The executive directors are entitled to receive certain benefits-in-kind, principally private medical insurance.

Annual Bonus Payments

Annual bonuses are awarded at the discretion of the Remuneration Committee as an incentive and to reward performance during the financial year pursuant to specific performance criteria including cash collection and revenue growth. In exercising its discretion, the Committee takes into account the strategic objectives set by the Board to ensure these are being met. These objectives will evolve as the business grows and are expected to change year on year according to business requirements. No bonus payments will be made to directors for FY 2025 (FY2024: £123,000)

Directors' Share Options

Full details of the directors' options over ordinary shares of 2.0p are set out below:

Director	Grant Date	Expiry Date	Exercise Price £	As at 31 March 2025	As at 31 March 2024
				Number	Number
John Cronin	25/01/18	25/01/28	0.29	200,000	200,000
	22/09/20	22/09/30	0.10	360,342	360,342
	10/11/21	10/11/31	0.145	558,102	558,102
	10/11/21	10/11/31	0.145	589,037	589,037
	17/11/23	17/11/33	0.1575	600,000	600,000
	17/11/23	17/11/33	0.14	506,082	506,082
	17/11/23	17/11/33	0.17	442,857	442,857
	10/10/24	10/10/34	0.095	315,689	–
				3,572,109	3,256,420
Heather Peacock	11/12/17	11/12/27	0.40	25,000	25,000
	22/09/20	22/09/30	0.10	90,909	90,909
	10/11/21	10/11/31	0.145	619,424	619,424
	10/11/21	10/11/31	0.145	798,875	798,875
	17/11/23	17/11/33	0.1575	300,000	300,000
	17/11/23	17/11/33	0.14	204,065	204,065
	17/11/23	17/11/33	0.17	178,577	178,577
				2,216,850	2,216,850
Peter Tyler	22/09/20	22/09/30	0.10	40,000	40,000
				40,000	40,000
David John-Powell	28/09/20	28/09/30	0.10	250,000	250,000
				250,000	250,000
Lyndon Faulkner	11/11/24	11/11/34	0.1053	1,899,335	–
	20/11/24	20/11/34	0.0994	500,000	–
				2,399,335	–

DIRECTORS' REMUNERATION REPORT

Share options have a life of 10 years. When a director leaves the Company, he or she will be entitled to exercise any vested options for between three months and one year after leaving the Company. Any options not exercised during this period will then lapse.

Joint Share Ownership Plan

In 2008, the Company established a Joint Share Ownership Plan ("JSOP") to provide additional incentives to directors and certain senior executives (the "Participants"). The JSOP shares are held jointly between the Participant and the CyanConnode Holdings plc Employee Benefit Trust. ("EBT"). Under the terms of the JSOP rules the Participants are eligible to receive the excess of any disposal proceeds received for the JSOP shares over the participation price. The EBT shall vote the shares in accordance with the wishes of the participants. If any dividend is paid or other distributions are made on a share the joint owners should be entitled to that dividend in proportion to the respective values of their interest in the JSOP shares on the date on which shares are quoted ex that dividend. The respective value of each of the owner's interests shall be calculated on the assumption there had been a disposal of the JSOP shares on that date and that the net proceeds of such disposal had been equivalent to the closing price (as derived from an appropriate source) for the immediately preceding dealing day.

At 31 March 2025, shares held by directors under this scheme were as follows:

Director	Grant Date	Expiry Date	Participation Price £	As at 31 March 2025 Number	As at 31 March 2024 Number
John Cronin	10/11/21	10/11/26	0.145	5,672,359	5,672,359
				5,672,359	5,672,359
Heather Peacock	10/11/21	10/11/26	0.145	1,331,498	1,331,498
				1,331,498	1,331,498

JSOP shares have a life of 5 years. When a director leaves the Company, he or she will be entitled to keep the vested shares until the expiry dates and any unvested shares will be brought back into the Employee Benefit Trust within 90 days of the director leaving the Company.

Directors' Interests in Shares in the Company

Director	Shares
John Cronin	
As at 1 April 2024	6,518,848
Purchased during the year	871,244
As at 31 March 2025	7,390,092
David Johns-Powell	
As at 1 April 2024	17,121,561
Purchased during the year	2,500,000
As at 31 March 2025	19,621,561
Peter Tyler	
As at 1 April 2024	2,606,651
Purchased during the year	–
As at 31 March 2025	2,606,651

DIRECTORS' REMUNERATION REPORT

Director	Shares
Heather Peacock	
As at 1 April 2024	1,269,246
Purchased during the year	222,222
As at 31 March 2025	1,491,468
Björn Lindblom	
As at 1 April 2024	912,377
Purchased during the year	–
As at 31 March 2025	912,377
Lyndon Faulkner	
As at 1 April 2024	–
Purchased during the year	500,000
As at 31 March 2025	500,000
Total	
As at 1 April 2024	28,428,683
Purchased during the year	4,093,466
As at 31 March 2025	32,522,149

The shareholding for Directors of the Company disclosed above excludes shares held under the Company's Joint Share Ownership Plan ("JSOP") in which they are beneficial co-owner of shares.

Pension Arrangements

Executive directors are entitled to become members of the Company pension scheme. This is a defined contribution scheme whereby the Company contributes at a rate of 5% of the executive's gross salary. Heather Peacock is a member of the Company pension scheme. John Cronin is not a member of this scheme.

Directors' Contracts

It is the Company's policy that the executive directors should have contracts providing for a maximum of one year's notice. It may be necessary on occasion to offer longer notice periods, but this has not been necessary for any director on the current Board. All executive directors have contracts that are subject to twelve months' notice by either party.

Name of Director	Date of Director Service Agreement
John Cronin	20 March 2012
Heather Peacock	25 July 2018
William David Johns-Powell	25 July 2018
Peter Tyler	19 March 2019
Björn Lindblom	15 January 2024
Lyndon Faulkner	11 November 2024

DIRECTORS' REMUNERATION REPORT

Non-Executive Directors

All Non-Executive Directors have specific terms of engagement and their remuneration is determined by the Board within the limits set by the Articles of Association and based on independent surveys of fees paid to non-executive directors of similar companies. The fees paid to each Non-Executive Director during the period are set out in the table below.

Directors' Emoluments (audited)

Amounts for the year ending 31 March 2025

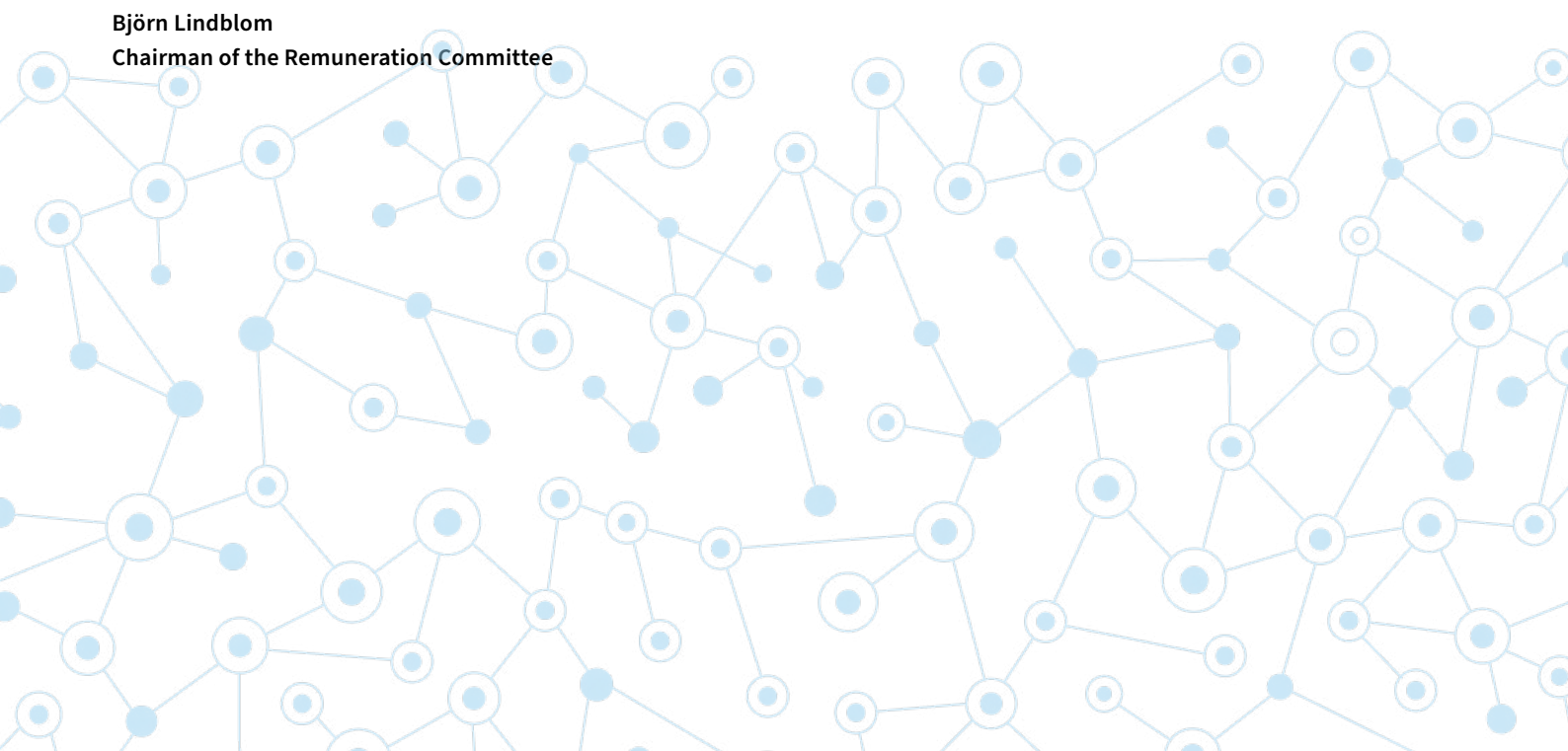
Name of Director	Salary £	Fees £	Pension £	Other Benefits £	Bonus £	Total for FY 2025 Services £	Total for FY 2024 Services £
Executive							
John Cronin	40,000	313,750	–	4,048	–	357,798	393,458
Heather Peacock	220,000	–	12,500	1,629	–	234,129	261,455
Non-Executive							
Björn Lindblom	–	40,000	–	–	–	40,000	8,333
David Johns-Powell (Note 1)	–	40,000	–	–	–	40,000	40,000
Chris Jones	–	–	–	–	–	–	129,585
Peter Tyler	–	40,000	–	–	–	40,000	40,000
Total	260,000	433,750	12,500	5,677	–	711,927	872,831

Note 1 – David Johns-Powell used £30,000 of FY25 fees to participate in the placing in September 2024

Aggregate emoluments disclosed above do not include any amounts for the value of options to acquire ordinary shares in the Company granted to or held by the directors.

This report was approved by the Board of Directors on 22 July 2025 and signed on its behalf by:

Björn Lindblom
Chairman of the Remuneration Committee



GOVERNANCE

Audit Committee Report

Introduction

This Audit Committee Report has been prepared by the Audit Committee and approved by the Board.

Membership and meetings held

The Audit Committee is chaired by Peter Tyler and its other member is Björn Lindblom. Both are non-executive Directors while on the Committee. The Committee met twice during the year ended 31 March 2025, linked to events in the Company's financial calendar. The Chief Financial Officer also attended each of these meetings. The external audit partner attended the meeting held in connection with the Company's Report and Accounts for the year ended 31 March 2024.

Role of the Audit Committee

The Terms of Reference for the Audit Committee, which have been prepared in accordance with the QCA Code, provide for the Committee's main responsibilities to include:

- Monitoring the integrity of the financial statements of the Company and its Group;
- Reviewing and challenging the consistency of accounting policies and standards;
- Reporting back to the Board on any aspects of the proposed financial reporting of the Group with which it is not satisfied;
- Keep under review the adequacy and effectiveness of the Company's and Group's internal financial controls and systems;
- Reviewing the risk identification and risk management processes of the Group, and
- Reviewing the Group's procedures to prevent bribery and corruption in addition to ensuring that appropriate whistleblowing arrangements are in place.

Internal Audit

Due to the current size of the Group the audit committee obtain sufficient oversight over the operations through engagement with the Group and attendance of board meetings. It is therefore not considered appropriate to have an internal audit function.

Key Areas of Focus

The Committee's particular areas of focus during the year were as follows:

- Review of the March 2024 Annual Report;
- Review of the interim results for the six months ended 30 September 2024; and
- Ongoing review of the Group's cash forecasts, including review of sufficiency of financing as the business grows.

Management of Risk

As in previous years, the oversight of risk, and risk management are the responsibility of the Board as a whole, rather than a sub-committee. This is put into effect by the preparation of a Risk Register, maintained as part of the ISO 9001 procedures. The Group passed its ISO audits during the year.

Committee Evaluation

During the period the Audit Committee was re-evaluated as part of a Board evaluation and at a Board meeting and it was agreed that its new composition of Peter Tyler and Björn Lindblom was appropriate. The committee will be evaluated as part of each evaluation of the Board.

Approval

This report was approved by the Board of Directors on 22 July 2025 and signed on its behalf by:

Peter Tyler
Chairman of the Audit Committee

GOVERNANCE

Nominations Committee Report

Introduction

This Nominations Committee Report has been prepared by the Company Secretary along with the Nominations Committee and approved by the Board.

Membership and meetings held

The Nominations Committee is chaired by David Johns-Powell and all Non-Executive Directors are members of the Committee, who work closely with the Executive Directors in all activities carried out by the Committee. The Committee did not meet formally during the year ended 31 March 2025, however had a number of meetings and discussions when deciding whether or not to take on a new Non-Executive Director, and what the requirements for the new Non-Executive Director should be.

Financial year in review

During FY25 it was determined that the Board required a further independent Non-Executive Director and following a recruitment process to find a candidate with the right skills, Lyndon Faulkner was appointed as Non-Executive Director, bringing a wealth of experience in scaling technology businesses. The Nominations Committee and Executive Directors held discussions regarding the executive leadership structure of the Group, following which a reorganisation took place whereby the majority of senior positions in the Group were moved from UK to India, under the management of the MD and CEO of India.

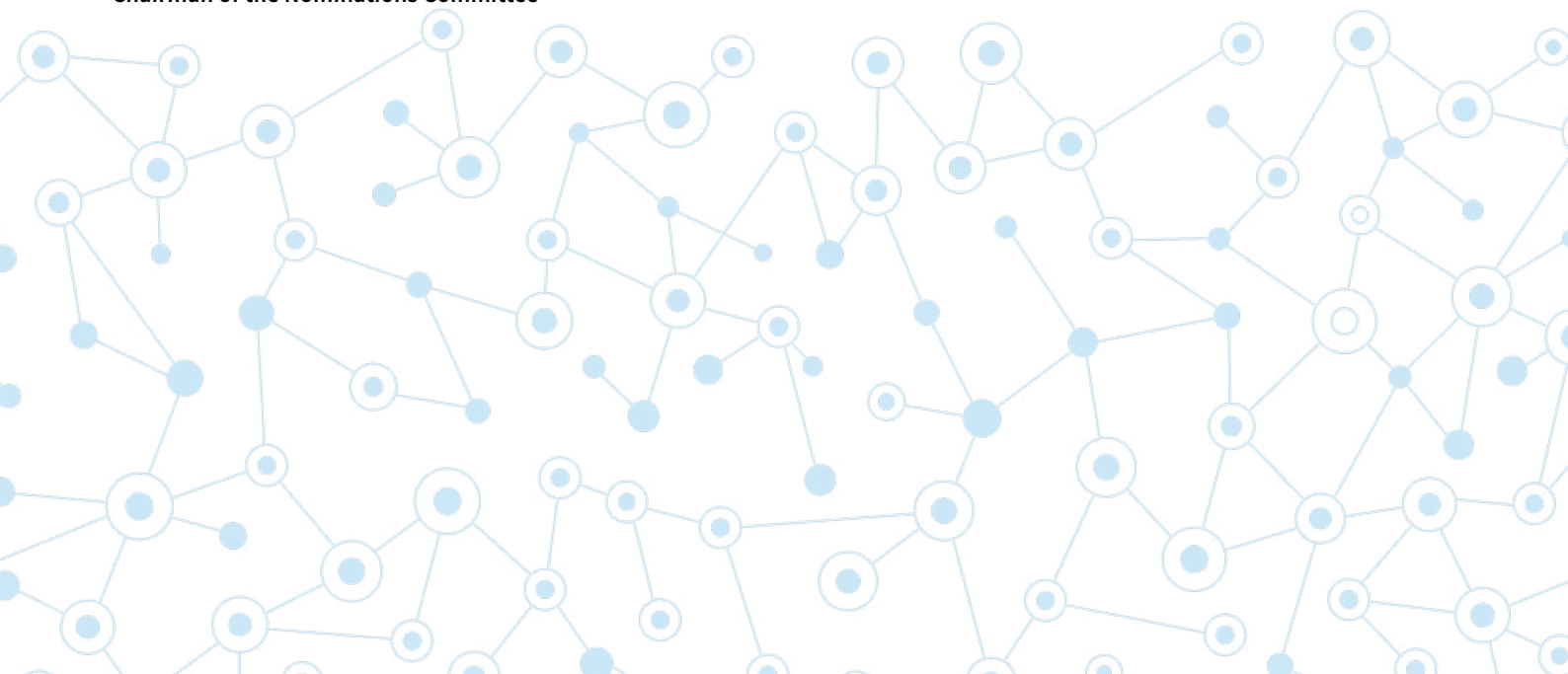
Key activities for the year ahead

At the start of the new financial year, as recommended by the QCA Code and shareholders, we have separated the roles of Chair and CEO, with Björn Lindblom taking the role of Non-Executive Chairman, and John Cronin taking the role of Group CEO. As also recommended by the QCA Code, the Board will discuss the process of Board evaluation and determine if it is appropriate to have an externally led Board evaluation performed. As required by our Articles of Association, I will stand for re-election at the Company's 2025 AGM and Lyndon Faulkner will stand for election.

Approval

This report was approved by the Board of Directors on 22 July 2025 and signed on its behalf by:

David Johns-Powell
Chairman of the Nominations Committee



GOVERNANCE

Directors' Report

The directors present their annual report on the affairs of the Group together with the audited financial statements for the year ended 31 March 2025. The Company's statement on corporate governance can be found on pages 34 to 42 of the financial statements. The corporate governance report forms part of the Directors' Report and is incorporated by cross reference.

Going Concern

To assess the ability of CyanConnode Holdings plc ("Group") to continue as a going concern, the directors have prepared a business plan and cash flow forecast for the period to 31 March 2027 which, together, represent the directors' best estimate of the future development of the Group. The forecast contains certain assumptions, the most significant of which are the level and timing of sales and the timing of customer payments.

The Financial Review on pages 30 to 33 set out more detail regarding the Board's assessment of its going concern position.

Financial Risk Management Objectives and Policies

Details of the Group's financial risk management objectives and policies are set out in note 36 of the financial statements.

Dividends

The directors' dividend policy is set out in the Financial Review on page 33.

Share Capital and Capital Structure

Details of the issued share capital, together with details of the movements in the Company's issued share capital during the year are shown in note 28. At 31 March 2025, the Company had one class of ordinary shares of 2.0 pence each, which carried no right to fixed income and represented 100% of the issued share capital of the Company. Each share carried the right to one vote at general meetings of the Company. The Company's capital structure consisted only of issued share capital, which it manages to maximise the return to shareholders.

There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. The directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights.

Details of the employee share schemes are set out in note 35.

No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

With regard to the appointment and replacement of directors, the Company is governed by its Articles of Association, the Companies Acts and related legislation. The Articles themselves may be amended by special resolution of the shareholders. The powers of directors are described in the Corporate Governance Statement on pages 34 to 42.

In accordance with the Companies Act 2006 the Company has no authorised share capital.

Capital Risk Management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders, and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares or sell assets to reduce debt. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the periods ended 31 March 2024 and 31 March 2025.

DIRECTORS' REPORT

Directors and their Interests

The Directors who served the Company throughout the year and up to the date of signing, unless otherwise stated, were as follows:

Executive Directors

John Cronin (Executive Chairman during the year, now Group CEO and Chairman India)

Heather Peacock (Chief Financial Officer)

Non-Executive Directors

Björn Lindblom (Non-Executive Director during the year, now Non-Executive Chairman)

William David Johns-Powell

Peter Tyler

Lyndon Faulkner (joined 11 November 2024)

The interests of the directors in the shares of the Company and share options granted to the Directors are shown in the remuneration committee report on pages 43 to 47.

Research, Design and Development

The Group is committed to the research, design and development of mesh based flexible solutions for metering, lighting and IoT markets. As a high growth technology company, the focus is to develop unique technology that takes CyanConnode forward with its strategy to be a world leader in the design and development of Narrowband RF mesh networks that enable Omni Internet of Things (IoT) communications.

The total expenditure on research and development including staff costs in the period was £2,266,530 (2024: £3,572,895).

Directors' indemnity arrangements

CyanConnode has purchased and maintained throughout the year Directors' and Officers' liability insurance in respect of itself and its Directors.

Significant Holdings

The Company had been notified of the following voting rights of shareholders in the Company at 18 July 2025 and at the same date its issued share capital consisted of 358,891,036 Ordinary Shares:

Name	Percentage of issued share capital	Number of ordinary shares
Axia Investment Limited	13.014%	46,707,039
Premier Milton Group Plc	9.53%	34,209,118
Herald Investment Management Limited	6.92%	24,833,957
William David Johns-Powell	5.47%	19,621,561
S Chari	5.36%	19,243,144
CRUX Asset Management	4.07%	14,588,755
P Gough	3.95%	14,172,556

DIRECTORS' REPORT

Supplier Payment Policy

It is the policy of the Group to settle supplier invoices in line with the terms of business negotiated with them. The average credit period taken for trade purchases was higher at 276 days (2024: 124 days), due to back-to-back payment arrangements with key suppliers, and having points during FY25 where timing of payments had to be closely managed.

Auditor

Each of the persons who is a director at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

RSM UK Audit LLP has expressed its willingness to continue in office as auditor and a resolution to reappoint it will be proposed at the forthcoming Annual General Meeting.

Information in other reports

The company has chosen, in accordance with the Companies Act 2006 s414C(11), to set out in the Chairman's Statement, Financial Review, Strategic Report and Corporate Governance Statement, certain information required by the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 Sch. 7 to be contained in the Directors' Report. This information includes how the directors have had regard to the need to foster the company's business relationships with suppliers, customers and others. It also includes the effect of having this regard for key stakeholders, including on the principal decisions taken by the company during the financial year, which can be found in Principle 3 and 4 of the Corporate Governance Report on pages 35 to 36. Details of the Group's future developments can be found in the outlook section of the Group CEO's Report on pages 8 to 9.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board of Directors and signed on behalf of the Board.

Björn Lindblom

Chairman

22 July 2025



GOVERNANCE

Directors' Responsibilities Statement

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 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:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK-adopted International Accounting Standards;
- 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 CyanConnode Holdings 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

Björn Lindblom

Chairman

22 July 2025

FINANCIAL STATEMENTS

Independent Auditor’s Report

TO THE MEMBERS OF CYANCONNODE HOLDINGS PLC

Opinion

We have audited the financial statements of CyanConnode Holdings plc (the ‘parent company’) and its subsidiaries (the ‘group’) for the year ended 31 March 2025 which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated cash flow statement, company balance sheet, company statement of changes in equity, company cash flow statement 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 loss 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 <ul style="list-style-type: none">• Revenue: cut-off and valuation• Carrying value of goodwill and acquired intangible assets
	Parent company <ul style="list-style-type: none">• Carrying value of investments in, and receivables due from, subsidiaries
Materiality	Group <ul style="list-style-type: none">• Overall materiality: £284,000 (2024: £374,000)• Performance materiality: £198,000 (2024: £243,000)
	Parent company <ul style="list-style-type: none">• Overall materiality: £200,000 (2024: £189,000)• Performance materiality: £140,000 (2024: £122,000)
Scope	Our audit procedures covered 100% of revenue, 100% of total assets and 99% of loss before tax.

INDEPENDENT AUDITOR'S REPORT

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.

In addition to the matter described in the material uncertainty related to going concern section we have determined the matters described below to be the key audit matters to be communicated in our report.

Revenue: cut-off and valuation	
Key audit matter description	The group's contracts involve the supply of various products and services. There is management judgement involved in determining the performance obligations in the contracts, allocate revenue to each of these obligations and ensure income is appropriately recognised in line with the requirements of IFRS 15 <i>Revenue from contracts with customers</i> .
How the matter was addressed in the audit	<p>We reviewed and challenged management's assessment of the performance obligations identified for a sample of contracts.</p> <p>We performed cut-off testing and other substantive testing procedures to challenge the recognition of revenue throughout the year was in line with contractual arrangements and the requirements of IFRS 15.</p> <p>We also considered the adequacy of the group's revenue recognition accounting policy as disclosed in note 2 to the financial statements; and critical judgements disclosed in note 3a to the financial statements</p>
Carrying value of goodwill and acquired intangible assets	
Key audit matter description	<p>The consolidated statement of financial position includes a goodwill balance of £1.93m at 31 March 2025 which is subject to an annual impairment review. In addition, due to the loss-making nature of the group, other intangible assets, including the Smart Metering Implementation Programme intangible, are subject to an impairment review.</p> <p>In performing the impairment reviews, management judgement and estimation is applied in a number of areas including estimating future sales, costs and timing of related cash flows as well as determining an appropriate discount rate.</p>
How the matter was addressed in the audit	<p>We critically assessed the impairment reviews performed by management including a review of the client's board approved forecasts and discounted cash flow calculations to assess whether the assumptions appeared reasonable.</p> <p>We also evaluated management's sensitivity analysis around the key assumptions to ascertain the extent of change in those assumptions that individually or collectively would be required to lead to an impairment.</p> <p>We also considered the adequacy of the key sources of estimation uncertainty disclosed in note 3b to the financial statements.</p>
Carrying value of investments in, and receivables due from, subsidiaries	
Key audit matter description	<p>The parent company had investments in its subsidiaries of £4.0m and receivable balances due from subsidiary undertakings of £0.4m at 31 March 2025.</p> <p>Given the loss-making nature of the subsidiaries, an impairment review of these balances is required. This involves management estimation including estimating future sales and cash flows.</p>
How the matter was addressed in the audit	<p>We critically assessed the impairment review performed by management over the carrying value of investments and group receivable balances.</p> <p>Our work included a review of the client's assessment of the potential for impairment including consideration of board-approved forecasts and discounted cash flow calculations to assess whether the assumptions appeared reasonable.</p>

INDEPENDENT AUDITOR'S REPORT

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	£284,000 (2024: £374,000)	£200,000 (2024: £189,000)
Basis for determining overall materiality	2% of revenue	5% of net assets, reduced as appropriate to support group opinion
Rationale for benchmark applied	Total revenue applied as the group is revenue growth orientated	Net assets were applied as the entity is a non-trading holding company
Performance materiality	£198,000 (2024: 243,000)	£140,000 (2024: 122,000)
Basis for determining performance materiality	70% (2024: 65%) of overall materiality	70% (2024: 65%) of overall materiality
Reporting of misstatements to the Audit Committee	Misstatements in excess of £14,000 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.	Misstatements in excess of £10,000 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 six components, located in the United Kingdom, India, Sweden and Dubai.

The coverage achieved by our audit procedures was:

	Number of components	Revenue	Total assets	Loss before tax
Full scope audit	2	98%	83%	98%
Specific audit procedures	2	2%	17%	1%
Total	4	100%	100%	99%

Of the above, a full scope audit for one component was undertaken by a component auditor.

Material uncertainty relating to going concern

We draw attention to the going concern wording in note 2 to the financial statements where the directors have identified that there is uncertainty in relation to the level and timing of sales, timing of customer payments and level of funding required for working capital.

The potential need for additional financing indicates that a material uncertainty exists that may cast significant doubt on the group's and parent company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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:

- understanding how the cash flow forecasts for the going concern period had been prepared and the assumptions adopted;
- testing of the integrity of the forecast model to ensure it was operating as expected;
- challenging the key assumptions within the forecast with agreement to supporting data where possible;

INDEPENDENT AUDITOR'S REPORT

- review and consideration of the appropriateness of the sensitivity analysis performed by management and available actions should performance be behind expectations.

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.

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 53, 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.

INDEPENDENT AUDITOR'S REPORT

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 and component auditor:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the group and parent company operate 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.

All relevant laws and regulations identified at a Group level and areas susceptible to fraud that could have a material effect on the financial statements were communicated to component auditors. Any instances of non-compliance with laws and regulations identified and communicated by a component auditor were considered in our audit approach.

INDEPENDENT AUDITOR'S REPORT

The most significant laws and regulations were determined as follows:

Legislation / Regulation	Additional audit procedures performed by the Group audit engagement team and component auditors included:
UK-adopted IAS and Companies Act 2006	Review of the financial statement disclosures and testing to supporting documentation; Completion of disclosure checklists to identify areas of non-compliance.
Tax compliance regulations	Inspection of advice received from external tax advisors; Inspection of correspondence with local tax authorities.
General Data Protection Regulation	ISAs limit the required audit procedures to identify non-compliance with these laws and regulations to inquiry of management and where appropriate, those charged with governance (as noted above) and inspection of legal and regulatory correspondence, if any.

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	Refer to key audit matters section above.
Management override of internal 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; 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.

William Farren FCA (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

1st Floor, Platinum Building

St John's Innovation Park

Cowley Road

Cambridge

CB4 0DS

22 July 2025

FINANCIAL STATEMENTS

Consolidated Income Statement

FOR THE YEAR ENDED 31 MARCH 2025

	Note	Year 31 March 2025 £000	Year 31 March 2024 £000
Continuing operations			
Revenue	4	14,177	18,730
Cost of sales		(9,239)	(13,117)
Gross profit		4,938	5,613
Exceptional item: impairment of intangible assets	14	–	(791)
Other operating costs	6	(9,053)	(9,026)
Other operating income	9	268	–
Operating loss		(3,847)	(4,204)
Amortisation and depreciation		396	398
Share based payments	35	220	51
Stock impairment	21	17	20
Impairment of intangible assets	14	–	791
Foreign exchange losses		393	194
Adjusted EBITDA		(2,821)	(2,750)
Finance income	10	216	92
Financing expense	11	(106)	(113)
Loss before tax		(3,737)	(4,225)
Tax (charge) / credit	12	(88)	395
Loss for the year		(3,825)	(3,830)
Loss per share (pence)			
Basic	13	(1.17)	(1.41)
Diluted	13	(1.17)	(1.41)

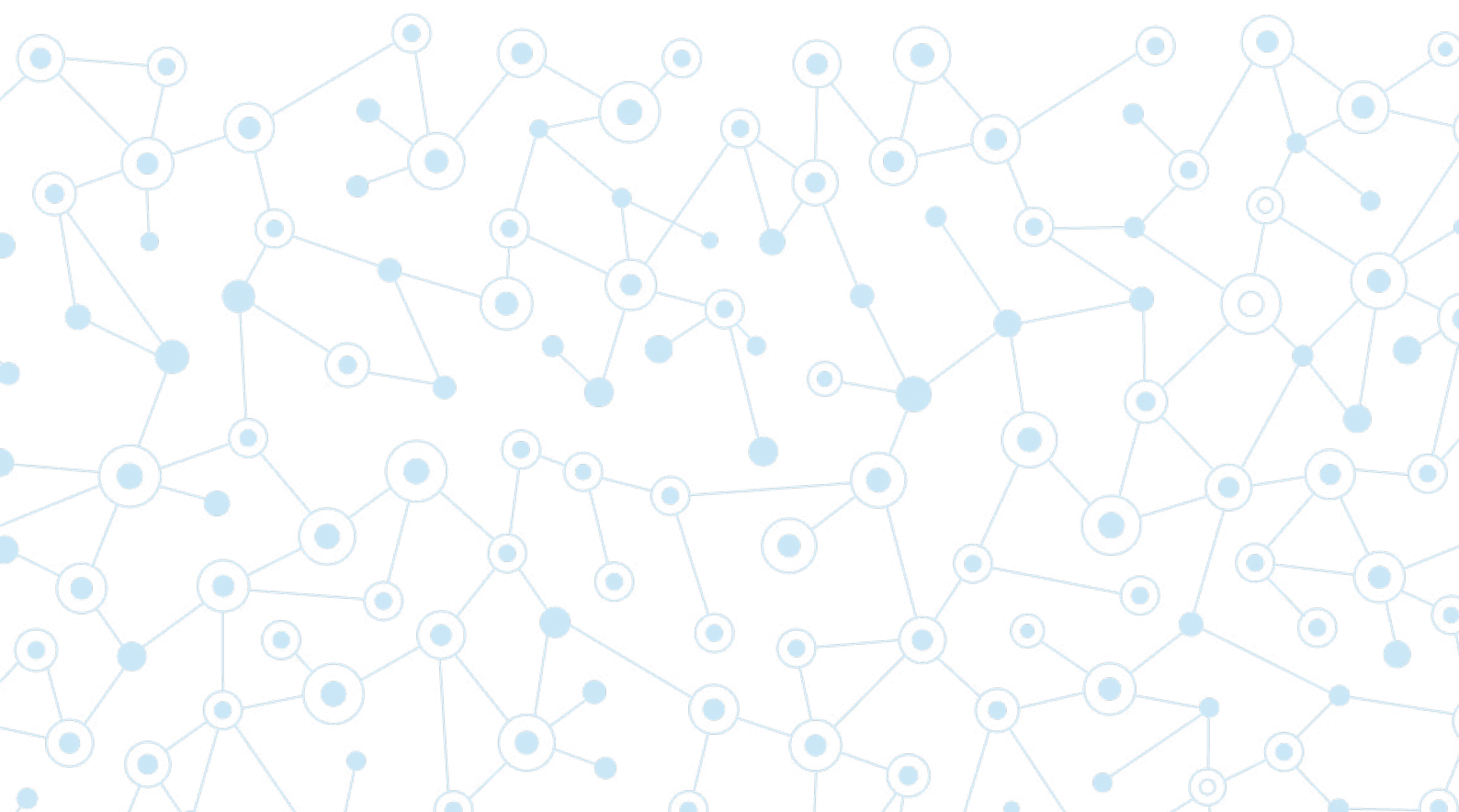
FINANCIAL STATEMENTS

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 31 MARCH 2025

Derived from continuing operations and attributable to the equity owners of the Company.

	Year 31 March 2025 £000	Year 31 March 2024 £000
Loss for the year	(3,825)	(3,830)
Exchange differences on translation of foreign operations	(234)	(112)
Total comprehensive income for the year	(4,059)	(3,942)



FINANCIAL STATEMENTS

Consolidated Statement of Financial Position

AS AT 31 MARCH 2025

	Note	31 March 2025 £000	31 March 2024 £000
Non-current assets			
Intangible assets	14	4,529	3,759
Goodwill	15	1,930	1,930
Property, plant and equipment	16	188	196
Right of use asset	17	363	474
Other financial assets	19	443	51
Trade and other receivables	20	5,500	3,085
Total non-current assets		12,953	9,495
Current assets			
Other financial assets	19	2,500	–
Inventories	21	2,290	1,686
Trade and other receivables	22	11,745	10,491
R&D tax credit receivables		367	665
Cash and cash equivalents	23	3,332	783
Total current assets		20,234	13,625
Total assets		33,187	23,120
Current liabilities			
Trade and other payables	24	(9,902)	(8,450)
Borrowings	25	(6,731)	–
Corporation tax liability		(956)	(508)
Lease liabilities	17	(118)	(110)
Total current liabilities		(17,707)	(9,068)
Net current assets		2,527	4,557
Non-current liabilities			
Lease liabilities	17	(245)	(364)
Deferred tax liability	26	(11)	(170)
Other payables	27	(135)	(87)
Total non-current liabilities		(391)	(621)
Total liabilities		(18,098)	(9,689)
Net assets		15,089	13,431
Equity			
Share capital	28	7,178	5,982
Share premium account	29	84,411	80,196
Own shares held	30	(3,525)	(3,611)
Share option reserve	31	1,632	1,412
Translation reserve	32	(294)	(60)
Accumulated losses	33	(74,313)	(70,488)
Total equity being equity attributable to owners of the Company		15,089	13,431

The financial statements of CyanConnnode Holdings plc (registered number 04554942) were approved by the Board of Directors and authorised for issue on 22 July 2025. They were signed on its behalf by:

John Cronin
Director

FINANCIAL STATEMENTS

Consolidated Statement of Changes In Equity

FOR THE YEAR ENDED 31 MARCH 2025

	Share Capital £000	Share Premium Account £000	Own Shares Held £000	Share Option Reserve £000	Translation Reserve £000	Retained Losses £000	Total Equity £000
Balance at 31 March 2023	5,438	78,671	(3,611)	804	52	(66,584)	14,770
Loss for the year	–	–	–	–	–	(3,830)	(3,830)
Other comprehensive income for the year	–	–	–	–	(112)	–	(112)
Total comprehensive income for the year	–	–	–	–	(112)	(3,830)	(3,942)
Issue of share capital (net of expenses)	544	1,525	–	–	–	–	2,069
Issue of share warrants	–	–	–	483	–	–	483
Credit to equity for share options	–	–	–	51	–	–	51
Transfer on exercise of share options	–	–	–	74	–	(74)	–
Total transactions with owners	544	1,525	–	608	–	(74)	2,603
Balance at 31 March 2024	5,982	80,196	(3,611)	1,412	(60)	(70,488)	13,431
Loss for the year	–	–	–	–	–	(3,825)	(3,825)
Other comprehensive income for the year	–	–	–	–	(234)	–	(234)
Total comprehensive income for the year	–	–	–	–	(234)	(3,825)	(4,059)
Issue of share capital (net of expenses)	1,196	3,948	–	–	–	–	5,144
Issue of share warrants	–	–	–	–	–	–	–
Disposal of shares	–	267	86	–	–	–	353
Credit to equity for share options	–	–	–	220	–	–	220
Transfer on exercise of share options	–	–	–	–	–	–	–
Total transactions with owners	1,196	4,215	86	220	–	–	5,717
Balance at 31 March 2025	7,178	84,411	(3,525)	1,632	(294)	(74,313)	15,089

FINANCIAL STATEMENTS

Consolidated Cash Flow Statement

FOR THE YEAR ENDED 31 MARCH 2025

	Note	Year 31 March 2025 £000	Year 31 March 2024 £000
Net cash outflow from operating activities	34	(5,540)	(2,860)
Investing activities			
Interest received		16	15
Purchases of property, plant and equipment	16	(121)	(224)
Disposal of property, plant and equipment	16	15	–
Purchases of intangible assets	14	(927)	(1,384)
Net cash outflow from investing activities		(1,017)	(1,593)
Financing activities			
Interest paid on borrowings		(81)	(93)
Proceeds on sale of shares		353	–
Money released from deposit as security	19	–	11
Money put on deposit as security	19	(2,943)	–
Cash inflow from borrowings	25	5,000	–
Cash inflow from director's loans	25	1,060	–
Cash outflow from director's loans	25	(660)	(300)
Cash net outflow from debt factoring	25	–	(426)
Loan repayment	25	–	(500)
Capital repayments of lease liabilities	17	(111)	(74)
Interest paid on lease liabilities	17	(25)	(19)
Proceeds on issue of shares	28	5,383	2,719
Share issue costs		(239)	(167)
Net cash inflow from financing activities		7,737	1,151
Net increase in cash and cash equivalents		1,180	(3,302)
Effects of exchange rate changes on cash and cash equivalents		38	15
Cash and cash equivalents at beginning of the year		783	4,070
Cash and cash equivalents at end of the year		2,001	783

Analysis of changes in net cash

	At 1 April 2024 £000	Cash flow £000	Other non-cash movements £000	Net foreign exchange difference £000	At 31 March 2025 £000
For the year ended 31 March 2025					
Cash	783	2,511	–	38	3,332
Bank overdraft	–	(1,331)	–	–	(1,331)
Cash and cash equivalents	783	1,180	–	38	2,001
Short-term borrowings	–	(5,400)	–	–	(5,400)
Lease liabilities	(474)	136	(25)	–	(363)
	(474)	(5,264)	(25)	–	(5,763)
Net cash at end of year	309	(4,084)	(25)	38	(3,762)

	At 1 April 2023 £000	Cash flow £000	Other non-cash movements £000	Net foreign exchange difference £000	At 31 March 2024 £000
For the year ended 31 March 2024					
Cash and cash equivalents	4,070	(3,302)	–	15	783
Short-term borrowings	(1,226)	1,226	–	–	–
Lease liabilities	(123)	93	(444)	–	(474)
	(1,349)	1,319	(444)	–	(474)
Net cash at end of year	2,721	(1,983)	(444)	15	309

Other non-cash movements include interest on lease liabilities and new leases taken on in the year.

FINANCIAL STATEMENTS

Company Balance Sheet

AS AT 31 MARCH 2025

	Note	31 March 2025 £000	31 March 2024 £000
Non-current assets			
Investments in subsidiaries	18	4,037	4,127
Trade and other receivables	20	1,277	1,329
Total non-current assets		5,314	5,456
Current assets			
Other financial assets	19	2,500	–
Trade and other receivables	22	53	55
Cash and cash equivalents	23	2,941	20
Total current assets		5,494	75
Total assets		10,808	5,531
Current liabilities			
Trade and other payables	24	(223)	(205)
Short-term borrowings	25	(5,400)	–
Total current liabilities		(5,623)	(205)
Net current (liabilities)/assets		(129)	(130)
Net assets		5,185	5,326
Equity			
Share capital	28	7,178	5,982
Share premium account	29	84,144	80,196
Share option reserve	31	1,632	1,412
Accumulated losses	33	(87,769)	(82,264)
Total equity being equity attributable to owners of the Company		5,185	5,326

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes as it prepares group accounts. The Company reported a loss for the financial year ended 31 March 2025 of £5,505,000 (2024: £6,722,000). The financial statements of CyanConnode Holdings plc (registered number 04554942) were approved by the board of directors and authorised for issue 22 July 2025. They were signed on its behalf by:

John Cronin
Director

FINANCIAL STATEMENTS

Company Statement of Changes in Equity

FOR THE YEAR ENDED 31 MARCH 2025

	Share Capital £000	Share Premium Account £000	Share Option Reserve £000	Retained Losses £000	Total Equity £000
Balance at 31 March 2023	5,438	78,671	804	(75,468)	9,445
Loss for the year	–	–	–	(6,722)	(6,722)
Total comprehensive income for the year	–	–	–	(6,722)	(6,722)
Issue of share capital (net of expenses)	544	1,525	–	–	2,069
Issue of warrants	–	–	483	–	483
Credit to equity for share options	–	–	51	–	51
Transfer on exercise of share options	–	–	74	(74)	–
Total transactions with owners	544	1,525	608	(74)	2,603
Balance at 31 March 2024	5,982	80,196	1,412	(82,264)	5,326
Loss for the year	–	–	–	(5,505)	(5,505)
Total comprehensive income for the year	–	–	–	(5,505)	(5,505)
Issue of share capital (net of expenses)	1,196	3,948	–	–	5,144
Issue of warrants	–	–	–	–	–
Credit to equity for share options	–	–	220	–	220
Transfer on exercise of share options	–	–	–	–	–
Total transactions with owners	1,196	3,948	220	–	5,364
Balance at 31 March 2025	7,178	84,144	1,632	(87,769)	5,185

FINANCIAL STATEMENTS

Company Cash Flow Statement

FOR THE YEAR ENDED 31 MARCH 2025

	Year 31 March 2025 £000	Year 31 March 2024 £000
Loss for the year before taxation and interest	(5,473)	(6,669)
Interest received	9	4
Net impairment charge	37	1,920
Operating cash outflows before movement in working capital	(5,427)	(4,745)
Decrease in receivables	33	39
Increase in payables	17	35
Net cash outflow from operating activities	(5,377)	(4,671)
Investing activities		
Investment in subsidiaries	(67)	–
Repayment of EBT loan	353	–
Net cash used in investing activities	286	–
Financing activities		
Cash inflow from short-term borrowing	5,000	–
Cash inflow from director's loan	1,060	–
Cash outflow from director's loan	(660)	(300)
Money put on deposit as security	(2,500)	–
Loan repayment	–	(500)
Interest paid on loans	(32)	(52)
Proceeds on issue of shares	5,383	2,719
Share issue costs	(239)	(167)
Net cash inflow from financing activities	8,012	1,700
Net increase / (decrease) in cash and cash equivalents	2,921	(2,971)
Cash and cash equivalents at beginning of the year	20	2,991
Cash and cash equivalents at end of year	2,941	20

Analysis of changes in net cash

	At 1 April 2024 £000	Cash flow £000	Other non-cash movements £000	At 31 March 2025 £000
For the year ended 31 March 2025				
Cash and cash equivalents	20	2,921	–	2,941
Short-term borrowings	–	(5,400)	–	(5,400)
Net cash at end of year	20	(2,479)	–	(2,459)

	At 1 April 2023 £000	Cash flow £000	Other non-cash movements £000	At 31 March 2024 £000
For the year ended 31 March 2024				
Cash and cash equivalents	2,991	(2,971)	–	20
Short-term borrowings	(800)	800	–	–
Net cash at end of year	2,191	(2,171)	–	20

FINANCIAL STATEMENTS

Notes to the Financial Statements

1. General information

CyanConnode Holdings plc, (Company Registered No. 04554942), is a public company limited by shares, incorporated in England and Wales under the Companies Act 2006. The address of the registered office is Suite 2, Ground Floor, The Jeffreys Building, Cowley Road, Cambridge CB4 0DS. The principal activities of the parent company (the “company”) and its subsidiaries (the “Group”) are set out in the strategic report on page 10.

These financial statements are presented in pounds sterling, rounded to nearest thousand (£’000), because that is the currency of the primary economic environment in which the Group operates. Foreign operations are included in accordance with the policies set out in note 2.

2. Significant accounting policies

Basis of accounting

The financial statements have been prepared in accordance with UK-adopted International Accounting Standards.

The financial statements have been prepared on the historical cost basis, with the exception of recognising financial instruments at fair value. This relates to bank securities only. The principal accounting policies adopted are set out below.

Alternative Performance Measures

The Group presents Alternative Performance Measures (“APMs”) in addition to the statutory results of the Group. These are presented in accordance with the Guidelines on APMs issued by the European Securities and Markets Authority (“ESMA”).

Going concern

To assess the ability of CyanConnode Holdings plc (the “Group”) and company to continue as a going concern, the directors have prepared a business plan and cash flow forecast for the period to 31 March 2027 which, together, represent the directors’ best estimate of the future development of the Group. The forecast contains certain assumptions, the most significant of which are the level and timing of sales, the timing of customer payments and the level of working capital requirements. The detailed cash flow scenarios include invoice Letters of Credit which have been secured from customers against certain contracts recently won. The cash flow scenario also includes the assumption that no cash is required for the Goa contract recently won due to an innovative subcontracting arrangement in place for the deployment of the contract.

At 31 March 2025 the Group had cash and other financial assets of £5.8 million (FY24: £0.8 million) and based on detailed cash flows provided to the Board within the FY26/27 budget, there is sufficient cash to see the Group through to profitability based on its standard operating model. In the first quarter of FY26, £2.8 million has been received from customers. At the end of June 2025, the Group had cash and other financial assets of £5 million which included £4.5 million held in a fixed deposit in the UK against which an overdraft facility of the equivalent amount in India is secured. At 30 June 2025, £3.8 million of the overdraft had been utilised.

This followed the receipt of the first convertible loan note for \$7.5 million, which was used to repay the £5 million short-term loan received in March 2025. The cash from the second \$7.5 million loan was only received in mid- July. Interest will be charged at 7% per annum. Repayment of the first \$7.5 million is due at the earliest of April 2028 and no later than April 2030, after which the Lender is entitled to convert the loan notes into equity if the loan is not repaid. The second repayment of \$7.5 million is due to be repaid at the earliest date of July 2028 and no later than July 2030 after which the Lender is entitled to convert the loan into equity if not repaid.

However, should the Group require additional cash to cover working capital, as a result of the targeted rapid growth, there could be a requirement for additional funding for this. The Group is discussing working capital funding solutions with banks, particularly in India, and it is believed that since the Indian entity was profitable for FY24 and FY25, a suitable facility could be secured.

A loan previously granted from one director of £400,000 to assist with working capital was repaid during the year. The Group also received an advance of £400,000 from two of its directors, secured against the Company’s R&D tax credit after 31 March 2025. The advance against the R&D tax credit will be repaid out of the HMRC receipt which is expected to be received by October 2025.

Notwithstanding the material uncertainties described above, which may cast significant doubt on the ability of the Group and company to continue as a going concern, on the basis of sensitivities applied to the cash flow forecast, the directors have a reasonable expectation that the company can continue to meet its liabilities as they fall due, for a period of at least 12 months from the date of approval of this report.

Basis of consolidation

The Group financial statements include the financial statements of the Company and all of its subsidiary undertakings. Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances and transactions are eliminated.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree, and the equity interests issued by the Group. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair value at the acquisition date.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

Foreign currencies

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in pounds sterling, which is the functional currency of the Group, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the net investment.

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, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of the transactions are used. Exchange differences arising, if any, are classified as equity and recognised in the Group's foreign currency translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

Revenue recognition

The Group supplies customers with hardware, software and services. Revenue is recognised according to the five-step approach under IFRS 15 Revenue from Contracts with Customers.

The transaction price 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 discounts, VAT and other sales related taxes against each relevant separate performance obligation.

Sale of hardware

Most hardware revenue relates to the sale of RF modules and gateways. RF modules are fitted into electricity and other meters to make them "smart". Gateways collect information from the smart meters and send it back to the utility company. CyanConnode is not responsible for fitting the RF modules into its customers' meters. Installation of the Gateways can be performed by CyanConnode or by a third party. Gateway installation is recognised as a separate contractual element / performance obligation – see "Sale of services" below for more information. Revenue for hardware is recognised when control has been passed to the customer.

Sale of software

CyanConnode has its own standards-based software which it licenses to its customers on either a term or a perpetual basis. These licenses are referred to as Head End Software (HES) licenses. Term licenses are recognised evenly over the term of the license. The full value of committed payments for perpetual licenses is recognised as revenue when it is granted because at this point the customer is given full "right to use". Any variable consideration is recognised in revenue when the requirements for recognition have been met. Installation of the HES software onto the end customer's servers is recognised as a separate contractual element / performance obligation – see "Sale of services" below for more information.

Sale of services

The Group offers a range of services including but not limited to:

- Installation of HES software on end customer servers;
- Installation of gateways;
- Custom integration of HES software with end customer's own system;
- Network planning and optimisation;
- Project management;
- End user training; and
- Annual Maintenance Contract (AMC) for the Omnimesh system (which includes the RF modules, gateways and HES software.)

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

How revenue is recognised for these services depends on the way in which they are delivered:

- If the customer enjoys the value of the service across a period of time, and hence the performance obligation is fulfilled over time, then revenue is spread over the period of delivery. This is the case for: project management (for which revenue is recognised based on stage of completion); and an annual maintenance contract for the Omnimesh system (for which revenue is recognised in equal increments over time).
- If the customer does not enjoy the value of the service over time, the customer enjoys the value of the service at a point in time, then revenue is recognised at the point of completion. This is the case for: installation of HES software on end customer servers; installation of gateways; custom integration of HES software with end customer's own system; network planning and optimisation; and end user training.

Fair value of consideration

If costs are higher than anticipated to the extent that a contract becomes loss-making as a whole, then a provision for this loss is charged to the income statement as soon as the loss is reasonably certain. No such loss has been recognised in the current or prior period.

In accordance to our group IFRS 15 revenue recognition policy, where significant timing differences arise between the revenue recognition period and invoicing, and thereon cash collection, a financing element is accounted with contract assets being discounted using an appropriate discount rate based on the credit rating of the customer, and the interest rates in the specific regions central bank.

The Group implements Service Level Agreements (SLAs) as an assurance to the customers that products and services supplied are as specified in the contract and will operate at the required levels. The income recognised on the sale of hardware and services is constrained under the variable consideration rules of IFRS 15 for any expected penalties under SLAs during the contract.

The Group also implements retention at 5% on the products and services supplied as specified in the contracts. The retention money is payable by the customers on the completion of the projects. The accounts receivable balance recognised for retentions is based on the expected level of recovery of outstanding balances.

Sales commissions directly attributable to individual contracts with customers are deferred on the balance sheet and charged to cost of sales in line with the recognition of the related income.

Research and development expenditure

An internally generated, or separately acquired, intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all the following conditions have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for such intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised on the above basis, development expenditure is recognised in profit or loss in the period in which it is incurred.

The capitalised assets will be amortised over their useful lives of 5 years.

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. These were the only payments made by the Group in the period under review.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases 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 against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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 there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Intangible assets: software

Software is accounted for at cost and amortised in equal annual instalments over a period of 5 years which is its estimated useful economic life. Provision is made for any impairment.

Intangible assets: customer contracts

Separately acquired customer contracts are included at cost and amortised in equal annual instalments over a period of 15 years which is their estimated useful economic life. Provision is made for any impairment.

Goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and is then assessed annually for impairment.

Determining whether goodwill is impaired requires an estimation of the higher of value in use of the cash-generating units to which goodwill has been allocated or fair value less cost of disposal. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Whilst there is no indication of impairment, the model used by management in performing this assessment contains estimates in regard to the inputs into the discount rates and the inherent assumptions in forecasting which includes estimates of the growth in future sales, projected production costs and operating expenditure. Discount rates are based on management's assessment of risk inherent in the current business model. The impact of reasonably possible changes in assumptions are disclosed in note 15. A fair value less cost of disposal is only performed if the value in use model indicates an impairment.

Property, plant and equipment

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives, using the straight-line method to their estimated residual values on the following bases:

Fixtures and equipment	20% - 50% per annum
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Right to use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Impairment of property, plant and equipment and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any).

Where the asset does not generate cash flows that are independent from other assets, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs. They are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified. For this purpose, the Group is taken as a single cash-generating unit.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Financial instruments – assets

Classification and measurement of financial assets

All financial assets are classified as either those which are measured at fair value through profit or loss or Other Comprehensive Income, and those measured at amortised cost.

Financial assets are initially recognised at fair value. For those which are not subsequently measured at fair value through profit or loss, this includes directly attributable transaction costs. Trade and other receivables, and contract assets are subsequently measured at amortised cost.

Recognition and derecognition of financial assets

Financial assets are recognised in the Group's Balance Sheet when the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Impairment of financial assets

For trade and other receivables, and contract assets, the simplified approach permitted under IFRS 9 is applied. The simplified approach requires that at the point of initial recognition the expected credit loss across the life of the receivable must be recognised.

Trade and other receivables

Trade receivables and other receivables are measured and carried at amortised cost using the effective interest method, less any impairment. The carrying amount of other receivables is reduced by the impairment loss directly and a charge is recorded in the Income Statement. For trade receivables, the carrying amount is reduced by the expected lifetime losses. Subsequent recoveries of amounts previously written off are credited against the allowance account and changes in the carrying amount of the allowance account are recognised in the income statement.

Trade receivables that are assessed not to be impaired individually are also assessed for impairment on a collective basis. Each period end, on a country-by-country basis we consider the amount of trade debtor provisions booked in the previous twelve months and book a general provision for doubtful debts according to the expected lifetime credit losses (based on an expected life of 12 months). The increase/decrease in this provision is then recognised through the income statement.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Financial instruments – liabilities

Financial liabilities are recognised in the Group's Balance Sheet when the Group becomes a party to the contractual provisions of the instruments and are initially measured at fair value, net of transaction costs. Non-derivative financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant periods. The effective interest rate is the rate that discounts estimated future cash payments throughout the expected life of the financial liability or, where appropriate, a shorter period to the net carrying amount on initial recognition. The Group derecognises financial liabilities when the Group's obligations are discharged, cancelled or they expire.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

The Group manages its foreign exchange risk through natural hedging by proactively planning to match the currency that revenues are receivable in with the currency of the costs associated with those revenues over the long term.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a rate that reflects the current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Share-based payments

The Group has applied the requirements of IFRS 2 Share-based Payments.

The cost of equity settled transactions with employees is measured by reference to the fair value on the date they are granted. Where there are no market conditions attaching to the exercise of the options, the fair value is determined using a range of inputs into the Black-Scholes pricing model. The fair value of equity-settled transactions is charged to profit or loss over the period in which the service conditions are fulfilled with a corresponding credit to a share option reserve in equity.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions and service conditions. It recognised the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity. On the exercise of share options, an amount equal to the fair value of the option at the date it was granted is transferred from the share option reserve into retained earnings.

Where the Company grants options over its own shares to the employees of its subsidiaries it recognised, in its individual financial statements, an increase in the cost of investment in its subsidiaries equivalent to the equity-settled share-based payment charge recognised in its consolidated financial statements with the corresponding credit being recognised directly in equity.

When the Company issues options or warrants for services rendered by a non-employee they are measured at fair value of the services received. Warrants issued as part of a placing of shares are fair valued using a Black Scholes model. The fair value of warrants issued is credited to a warrant reserve with the balance of consideration received allocated to share capital and share premium account.

Leases

Low value leases and leases of less than one year are recognised on a straight-line basis over the lease term. On inception of other leases, 'right-of-use' assets have been capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term discounted at an incremental borrowing rate.

The Company's investments in subsidiaries

The Company recognises its investments in subsidiaries at cost less any impairment in its separate financial statements. Impairment is determined by assessing the recoverable amount of the investment. The recoverable amount has been assessed using a value in use model. The value in use calculation requires the entity to estimate the future cash flows expected to and a suitable discount rate in order to calculate present value. Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in the Statement of Comprehensive Income.

New accounting standards and interpretations not yet adopted

For the purpose of the preparation of these consolidated financial statements, the Group has applied all standards and interpretations that are effective for accounting periods beginning on or after 1 April 2024. No new standards, amendments or interpretations to existing standards that have been published and that are mandatory for the Group's accounting periods beginning on or after 1 April 2025 or later periods, have been adopted early.

The new standards and interpretations are not expected to have any significant impact on the financial statements when applied.

NOTES TO THE FINANCIAL STATEMENTS

3. Critical accounting judgements and key sources of estimation uncertainty

This section sets out the key areas of judgement and estimation that have the most significant effect on the amounts recognised in the consolidated Financial Statements.

a. Critical judgements in applying the Group's and the Company's accounting policies

Management has made the following key judgements around revenue recognition in applying the Group's accounting policies that have a significant effect on the consolidated Group Financial Statements.

i. General approach to critical judgments

At all times, any critical judgement within the groups accounting policies, use a mix of historical and future information (where available) given the level of growth.

ii. Separable performance obligations

Judgements have been made around whether performance obligations are separable. For example, revenue relating to modules and gateway hardware is recognised at the point that the modules and gateways are received by the customer. Gateways may later be installed by the Company or by a third party. The revenue for installation services is recognised as a separate performance obligation when the gateways are installed. The goods and services that CyanConnode supplies and provides are highly independent, they could be supplied and provided by other suppliers and are not considered transformative in nature, i.e. one good or service does not significantly modify or customises another. Therefore, they are considered to be separate performance obligations.

iii. All-inclusive pricing

Some customer contracts involve multiple performance obligations being bundled into one all-inclusive price. To allocate consideration between performance obligations, the Group must consider whether these performance obligations are separable as well as the standalone value of each performance obligation. The standalone values are calculated with reference to pricing on other comparable contracts, the internal pricing used when the contract was bid for and to consider the current market through existing live bids.

iv. Service level agreement (SLAs)

The Group implements SLAs as an assurance to the customers that products and services supplied are as specified in the contract and will operate at the required levels. The income recognised on the sale of hardware and services is constrained under the variable consideration rules of IFRS 15 for any expected penalties under SLAs during the contract. Income has not been constrained in current and prior year as the level of penalties is not expected to be significant.

v. Discounting of significant financial element of revenue contracts

The revenue for head end software, hardware and certain services for the Group's contracts are recognised at a point in time when supplied to the customer, however some of these elements are paid for over the term of the contract. A significant financing element therefore needs to be considered for these elements applying a discount based on the time value of money. Judgement is required in applying a suitable discount rate which is dependent on the credit rating of the customer. Such a financing element has been recognised on three contracts in the current period (three in the prior period).

b. Key sources of estimation uncertainty

Estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, including current and expected economic conditions. Although these estimates and associated assumptions are based on management's best knowledge of current events and circumstances, actual results may differ.

i. SMIP intangible carrying value

Connode AB's UK SMIP contract involves supplying software for areas lacking mobile coverage. In 2023, Toshiba informed us that due to an end-of-life Telit component, only 761k mesh hubs would be supplied, later adjusted to 765k in 2024.

The key assumptions analysed in determining the expected net present value of future cash flows under the contract includes the following:

- The number of mesh hubs activated (generating a one off licence fee)
- The number of mesh hubs active on a monthly basis (generating an ongoing monthly support fee)
- The potential impact of the 3G sunset, expected to happen in 2025 for VMO2 (The Group's end customer for this contract). This impact could lead to either a higher or lower number of mesh hubs being activated
- A WACC of 11.7%

The Group considered the need for a further impairment for the current financial year based on the assumptions used above and deemed it unnecessary to impair further (2024: impairment of £791,000).

NOTES TO THE FINANCIAL STATEMENTS

3. Critical accounting judgements and key sources of estimation uncertainty (continued)

ii. Goodwill impairment

The recoverable amount of the cash generating unit ("CGU") is derived from estimates of future cash flows and hence the goodwill impairment test is also subject to these key estimates. The results of these tests may then be verified by reference to external market valuation data. Further details on the goodwill balances and the assumptions used in determining the recoverable amounts are provided in note 15. Sensitivity to the assumptions is also found in this note.

iii. Development costs

The group assesses the probability of expected future economic benefits using reasonable and supportable assumptions that present managements best estimate of the set of economic conditions that will exist over the useful life of the asset in accordance with IAS38.

We are currently seeing an increase in development costs as a result of new projects and new development requirements for the market. Management have carried out an assessment for all projects undertaken during the year, and identified the additional projects that meet the IAS38 development phase criteria. We reviewed these costs closely using the timesheet system and capitalised relevant costs to intangible assets.

For those projects that do not meet the criteria, all expenditure incurred during the year has been written off to the income statement as an expense.

Under IAS 38 each development project must be reviewed at the end of each accounting period to ensure that the recognition criteria are still met. Management has undertaken a review of all capitalised projects at the year end, and confirmed that the recognition criteria are still met, there has been no indication of impairment in the year.

iv. Trade and intercompany receivable recoverability

The Group tracks its trade debtor ageing and cash collection on a contract-by-contract basis each month. A provision has been made for expected lifetime credit losses (see Note 22) on trade receivables and contract assets using expected credit losses based on historic levels of bad debt suffered against current and aged debts. The Group revise the estimate of the expected credit loss by looking at how current and future economic conditions impact the amount of loss on a forward-looking basis.

An amount of £2,206,000 (2024: £858,000) which is more than 90 days overdue is included in trade debtors, of which a provision of £159,600 (2024: £90,000) is held based on historic credit losses with no specific exposures noted requiring additional provisions.

CyanConnode Ltd has a loan of £74,360,698 (2024: £69,281,018) with CyanConnode Holdings plc. As at 31 March 2025, a 100% (2024: 100%) provision against the loan was recognised based on expected future profitability of the entity. The Board has considered the provisions around impairment of inter-company indebtedness contained within IFRS9 "Financial Instruments" in relation to all intergroup debtors.

v. Investments in subsidiaries

The company has made an investment in each of its subsidiaries. Impairment is determined by assessing the recoverable amount of the investment. The recoverable amount has been assessed using a value in use model. The value in use calculation requires the entity to estimate the future cash flows to and a suitable discount rate in order to calculate present value. See note 18 for details of impairments booked in the year.

4. Revenue

An analysis of the Group's revenue is as follows:

	2025 £000	2024 £000
Hardware revenue - recognised at a point in time	11,958	16,718
Software licenses - recognised at a point in time	561	541
Revenue from services* - recognised at a point in time	1,516	1,427
Revenue from support and maintenance** - recognised over time	142	44
Total revenue	14,177	18,730

* Services can include installation of gateways, training, integration of software etc

** Support and maintenance can include Annual Maintenance Contract (AMC) or Field Maintenance Services (FMS)

NOTES TO THE FINANCIAL STATEMENTS

5. Business and geographical segments

The Group has concluded that it operates only one business segment as defined by IFRS 8. The information used by the Group's chief operating decision maker to make decisions about the allocation of resources and assessing performance is presented on a consolidated Group basis. Accordingly, no segmental analysis is presented. For the future, the split of the business may be revised dependent upon geographical contract wins, centres of operations and the strategic direction taken as the Group's business develops further.

During the year to end of March 2025 there were 2 customers (2024: 3) whose turnover accounted for more than 10% of the Group's total revenue as follows:

	2025		2024	
	Turnover £000	Percentage of Total%	Turnover £000	Percentage of Total%
Customer A	3,974	28	3,671	20
Customer B	5,087	36	5,199	28
Customer C	–	–	5,335	28

Revenue split by geographical location was as follows:

	2025		2024	
	Turnover £000	Percentage of Total%	Turnover £000	Percentage of Total%
India	11,980	85	14,015	75
United Arab Emirates	1,951	14	4,249	23
Rest of The World	246	1	466	2
	14,177	100	18,730	100

6. Other operating costs

	2025 £000	2024 £000
Staff costs	5,517	5,572
Staff and other costs capitalised to software development	(927)	(1,384)
Research and development costs (non-staff costs)	283	465
Research and development costs (subcontractor costs)	792	1,090
Rent and site costs	206	224
Office expenses	521	542
Marketing and advertising	154	176
Professional fees	829	516
Audit and accountancy	205	292
Doubtful receivables	(346)	242
Impairment of inventory	17	20
Fixed assets written off	–	62
Share based payments	220	51
Foreign exchange	393	194
Amortisation and depreciation	396	393
Other	793	571
Other operating costs	9,053	9,026

The total expenditure on research and development including staff costs in the year was £2,266,530 (2024: £3,572,895).

NOTES TO THE FINANCIAL STATEMENTS

7. Auditor's remuneration

The analysis of auditor's remuneration, including associate firms, is as follows:

	2025 £000	2024 £000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	121	113
Fees payable to the Company's auditor and its associates for other services to the Group		
– The audit of the Company's subsidiaries pursuant to legislation	50	45
Total audit fees	171	158

8. Employee information

The average monthly number of employees (including executive directors) was:

	2025 Number	2024 Number
Sales and administration	27	28
Research and development	52	19
Operations and logistics	34	70
	113	117

There are no employees in the parent company other than Directors, whom are remunerated by other group companies (2024: nil).

	2025 £000	2024 £000
Their aggregate remuneration comprised:		
Wages and salaries	5,095	5,168
Social security costs	245	251
Pension costs	177	153
Share based payment	220	51
	5,737	5,623

At the year end there were employer's pension contributions provided for but not paid of £6,435 (2024: £8,282).

Key management compensation

The directors are of the opinion that key management personnel during the period comprised the Board of Directors. These persons had the authority and responsibility for planning, directing and controlling the activities of the Group. Remuneration of these personnel is detailed below.

	2025 £000	2024 £000
Their aggregate remuneration comprised:		
Wages, salaries and fees	699	858
Social security costs	45	29
Pension and other benefits	13	15
	757	902

Specific details of directors' remuneration and other information (including share-based compensation) are included in the Remuneration Committee Report within this Annual Report. John Cronin, David Johns-Powell, Lyndon Faulkner, Björn Lindblom and Peter Tyler are not the members of the Company pension scheme. The highest paid Director received total remuneration of £357,798 (2024: £393,458). Please see page 47 for the details.

NOTES TO THE FINANCIAL STATEMENTS

9. Other operating income

	2025 £000	2024 £000
RDEC Scheme	268	–
Total other operating income	268	–

The new merged Research and Development Expenditure Credit (RDEC) scheme came into effect and applies for accounting periods beginning on or after 1 April 2024.

10. Finance income

	2025 £000	2024 £000
Discount on contract assets	200	77
Bank deposits	16	15
Total finance income	216	92

11. Financing expense

	2025 £000	2024 £000
Interest on debt factoring	19	27
Interest on loans	–	22
Interest on loan from Directors	35	31
Interest on lease liabilities	25	19
Interest on bank overdraft	1	2
Other interest	26	12
Total financing expense	106	113

12. Tax

	2025 £000	2024 £000
Current tax:		
UK corporation tax	86	(665)
Overseas tax	184	602
Adjustments in respect of prior year	(23)	(50)
	247	(113)
Deferred tax (note 26)		
Origination and reversal of timing differences	(159)	(282)
Total tax charge/(credit)	88	(395)

NOTES TO THE FINANCIAL STATEMENTS

12. Tax (continued)

	2025 £000	2024 £000
Loss on ordinary activities before tax	(3,737)	(4,225)
Tax on loss at standard corporation tax rate of 25% (2024: 25%)	(934)	(1,056)
Effects of:		
Expenses not deductible for tax purposes	110	43
Capital allowances less than / (in excess of) depreciation	5	(14)
Capitalisation of R&D costs	(161)	(334)
Losses surrendered for R&D tax credit	–	1,661
RDEC notional tax	86	–
R&D tax credit	–	(1,433)
Unrelieved tax losses and other deductions arising in the year	1,149	822
Adjustments in respect of prior periods	(23)	(50)
Difference in tax rates	(144)	(34)
Total tax charge/(credit) for the year	88	(395)

Factors affecting tax charge in future years

Tax losses carried forward at the end of March 2025 were £46,809,313 (2024: £42,353,245) of which £46,842,240 (2024: £42,292,700) relates to the UK and £48,073 (2024: £60,545) relates to Sweden.

The Swedish tax rate reduced to 20.6% from 1 January 2021, and the Indian effective tax rate remains unchanged at 29.12% from 1 April 2019 and the deferred tax for Sweden and India has been calculated at these rates.

13. Loss per share

The calculation of the basic and diluted loss per share is based on the following data:

	2025	2024
Loss for the purposes of basic loss per share being net loss attributable to equity holders of the parent (£000)	(3,825)	(3,830)
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share (excluding own shares held)	326,247,246	271,910,382
Loss per share (pence)	(1.17)	(1.41)

The weighted average number of shares and the loss for the year for the purposes of calculating diluted loss per share are the same as for the basic loss per share calculation. This is because the outstanding share options would have the effect of reducing the loss per share and would not, therefore, be dilutive under the terms of IAS 33.

NOTES TO THE FINANCIAL STATEMENTS

14. Intangible Assets (Group)

	Software £000	Software Development £000	SMIP Intangible £000	Total £000
Cost				
At 1 April 2023	144	1,158	6,100	7,402
Additions	–	1,384	–	1,384
Disposal	(144)	–	–	(144)
At 31 March 2024	–	2,542	6,100	8,642
Additions	–	927	–	927
At 31 March 2025	–	3,469	6,100	9,569
Amortisation				
At 1 April 2023	144	16	3,809	3,969
Charge for the year	–	8	259	267
Disposal	(144)	–	–	(144)
Impairment	–	41	750	791
At 31 March 2024	–	65	4,818	4,883
Charge for the year	–	(7)	164	157
At 31 March 2025	–	58	4,982	5,040
Carrying amount				
At 31 March 2025	–	3,411	1,118	4,529
At 31 March 2024	–	2,477	1,282	3,759

Smart Metering Implementation Programme ('SMIP') relates to a contract acquired with the Connode Group in 2016 to partner Toshiba and Telefonica in their SMETS2 rollout in the UK. CyanConnode's technology enables their communication hubs to work in areas of the UK that have no, or intermittent, mobile network coverage. The amortisation charge for the year is £163,600 (2024: £259,000). This is included in other operating costs. An impairment review of the intangibles assets has been undertaken in the year with no impairment being made (2024: £750,000). The process and significant assumptions are as outlined in note 3b (i).

During the year excess amortisation charged in 31 March 2024 for £ 6,597 was reversed.

NOTES TO THE FINANCIAL STATEMENTS

15. Goodwill

	Group £000
Cost at 1 April 2024 and 31 March 2025	1,930
Carrying amount at 31 March 2024 and 31 March 2025	1,930

Impairment testing

The Company tests goodwill annually or more frequently if there are indications that goodwill might be impaired. In accordance with IAS 36: "Impairment of assets" the Company values goodwill at the recoverable amount, being the higher of the value in use basis and the fair value less costs to sell basis. Note that goodwill has been allocated to a single cash generating unit for the purposes of this testing.

Value in use calculations have been used to determine the recoverable amount of goodwill. The calculations use the latest approved forecast extrapolated to perpetuity using growth rates shown below, which do not exceed the long-term growth rate for the relevant market. Based on impairment testing completed at the year end, no impairment was identified in respect of goodwill.

Significant assumptions and estimates

The following significant assumptions have been used:

- Pre-tax discount rate 11.7% (2024: 11.5%)
- Compound annual growth rate in revenue over next five years between 11.3% and 22.9% (2024: 11% and 21.5%)
- Growth rate in perpetuity 6.5% (2024: 2%)

The Group applies sensitivity analyses to assess whether any reasonable possible changes in assumptions could cause an impairment that would be material to these Consolidated Financial Statements.

The key assumption in the impairment review is that compound annual revenue growth will be between 11.3% and 22.9% over the next five years with revenues beyond that period based upon a terminal growth rate of 2%. The 2% growth rate has been used to reflect the long-term growth rate for the Group's target markets including India (where forecast growth rates in perpetuity in the main countries in which the Group operates are expected to be higher).

Using the above assumptions does not show a requirement for an impairment to goodwill, however failure to achieve the expected revenue growth could make an impairment to goodwill possible. Should the expected revenues not be achieved, costs would be adapted to match revenues and this would mean an impairment would be unlikely.

In the most stretched impairment model, it shows headroom of £771k, however this uses a weighted average cost of capital of 15%, a perpetual growth rate of 0% (6.5% below market forecasts for growth rates in India) and uses very conservative revenue growth rates ranging from 10% - 20% over the next five years against what is already a very conservative. Should expected revenue growth not be achieved, the Group would revise the level of costs that have been modelled. On this basis, management believe that goodwill is not impaired.

NOTES TO THE FINANCIAL STATEMENTS

16. Property, plant and equipment

Group	Fixtures and equipment £000
Cost	
At 1 April 2023	428
Additions	224
Disposals	(25)
At 31 March 2024	627
Additions	121
Disposals	(15)
At 31 March 2025	733
Accumulated Depreciation	
At 1 April 2023	398
Charge for the year	58
Depreciation on disposals	(25)
At 31 March 2024	431
Charge for the year	128
Depreciation on disposals	(14)
At 31 March 2025	545
Carrying Amount	
At 31 March 2025	188
At 31 March 2024	196

At 31 March 2025 the Group had no contractual commitments outstanding for the acquisition of property, plant and equipment (2024: £nil).

NOTES TO THE FINANCIAL STATEMENTS

17. Leases**Right of use asset**

Group	Buildings £000
Cost	
At 1 April 2023	166
Additions	425
At 31 March 2024	591
Additions	–
At 31 March 2025	591
Accumulated Depreciation	
At 1 April 2023	44
Charge for the year	73
At 31 March 2024	117
Charge for the year	111
At 31 March 2025	228
Carrying Amount	
At 31 March 2025	363
At 31 March 2024	474

Lease liability movements in the year

	2025 £000	2024 £000
As at 1 April	474	123
New lease – Cambridge head office	–	425
Payments	(136)	(93)
Interest	25	19
At 31 March	363	474

Lease liabilities

	2025 £000	2024 £000
Current	118	110
Non - Current	245	364
As at 31 March	363	474

NOTES TO THE FINANCIAL STATEMENTS

17. Leases (continued)**Amounts recognised in Income Statement**

	2025 £000	2024 £000
Expense on short-term lease	48	103
Depreciation	112	73
Interest	25	19
Year to 31 March	185	195

CyanConnode Limited entered into a new lease agreement from 4 October 2023 for its head office in Cambridge on a term of 5 years with a mutual right of break by serving a notice at any time after 4 October 2026. At year end, there is no expectation that this break will be taken. Payments of £96,950 were made against the lease for the year ended 31 March 2025. An incremental borrowing rate of 5.91% was used to determine the lease liability on inception based on United Kingdom borrowing rates.

CyanConnode Private Limited leases its office property on a 5-year term with a break clause after 3 years. Payments of £39,407 (2024: £39,000) were made against this lease during the year ended 31 March 2025. An incremental borrowing rate of 8.3% was used to determine the lease liability on inception based on Indian borrowing rates.

CyanConnode Private Limited entered into an agreement for the rental of additional office space on 1 August 2023 for a period of 11 months. Payments of £45,163 were made against the short-term lease for the year ended 31 March 2025.

18. Subsidiaries**Investment in subsidiaries**

	Company 2025 £000	Company 2024 £000
As at 1 April	4,127	5,042
Capital contribution in respect of share-based payment	220	51
Investment in CyanConnode Communications LLC	67	–
Impairment in CyanConnode Private Limited	(7)	–
Impairment in investment in Connode Holdings AB	(131)	(806)
Impairment in investment in CyanConnode Limited	(239)	(160)
As at 31 March	4,037	4,127

The impairment in relation to Connode Holdings AB in the year has been based on the future value in use of this sub-group which is based on the value of the SMIP contract. The process and significant assumptions are as outlined in note 3b (i). The investment in CyanConnode Limited has also been fully impaired based on the expected future profitability of this company. This led to an impairment of £238,957 (2024: £160,000 charge) in the year in line with the capital contribution to this company in the year.

NOTES TO THE FINANCIAL STATEMENTS

18. Subsidiaries (continued)**Movement in investment of subsidiaries**

	Company 2025 £000	Company 2024 £000
Cost		
Cost at 1 April	15,207	15,156
Addition	287	51
At 31 March	15,494	15,207
Impairment		
Impairment at 1 April	(11,080)	(10,114)
Impairment in the year	(377)	(966)
At 31 March	(11,457)	(11,080)
Carrying Amount at 31 March	4,037	4,127

The members of the Group are as follows:

CyanConnode Limited Suite 2, Ground Floor The Jeffreys Building St Johns Innovation Park Cowley Road Cambridge CB4 0DS	<ul style="list-style-type: none"> 100% of the issued share capital of the Company is held by CyanConnode Holdings plc The company is incorporated in England and Wales and has an accounting period ending 31 March The principal activity of the Company is research and development, and to market and sell the Group's range of products
CyanConnode Private Limited AIHP Tower 249- G, First Floor Udyog Vihar Phase- IV, Sector 18 Gurugram-122015 India	<ul style="list-style-type: none"> 100% of the issued share capital of the Company is held by CyanConnode Holdings plc The company is incorporated in India and has an accounting period ending 31 March The principal activity of the Company is to market and sell the Group's range of products in India.
DigiSmart Networks Private Limited 8 Kirti Nagar Sodala Jaipur Rajasthan-302019 India	<ul style="list-style-type: none"> 100% of the issued share capital of the Company is held by CyanConnode Private Limited The company is incorporated in India and has an accounting period ending 31 March The principal activity of the Company is to act as an AMISP and to market and sell the Group's range of products in India along with products and services from other companies to provide a full end-to-end solution to utilities.
GreenMeter GOA Private Limited Shed no. D65 Udyog Vihar Phase 5 Industrial Complex Dundahera Haryana Gurgaon- 122016 India	<ul style="list-style-type: none"> 90% of the issued share capital of the Company is held by DigiSmart Networks Private Limited The company is incorporated in India and has an accounting period ending 31 March The principal activity of the Company is to act as an AMISP and to market and sell the Group's range of products in India along with products and services from other companies to provide a full end-to-end solution to utilities.
Connode Holding AB Solna Strandväg 80 172 54 Solna Stockholm Sweden	<ul style="list-style-type: none"> 100% of the issued share capital of the Company is held by CyanConnode Holdings plc The company is incorporated in Sweden and has an accounting period ending 31 March The principal activity of the Company is to act as a holding company

NOTES TO THE FINANCIAL STATEMENTS

18. Subsidiaries (continued)

Connode AB Solna Strandväg 80 172 54 Solna Stockholm Sweden	<ul style="list-style-type: none"> 100% of the issued share capital of the Company is held by Connode Holding AB The company is incorporated in Sweden and has an accounting period ending 31 March The principal activity of the Company is to market and sell the Group's range of products in the Nordic region
CyanConnode Communications L.L.C Al safiya Building 67 – 67 44c Street Hor Al Anz Dubai United Arab Emirates	<ul style="list-style-type: none"> 100% of the issued share capital of the Company is held by CyanConnode Holdings The company is incorporated in the United Arab Emirates and has an accounting period ending 31 March The principal activity of the Company is to market and sell the Group's range of products in the UAE region

19. Other financial assets**Non-current**

	Group		Company	
	2025 £000	2024 £000	2025 £000	2024 £000
Bank securities	443	51	–	–
Other financial assets	443	51	–	–

Current

	Group		Company	
	2025 £000	2024 £000	2025 £000	2024 £000
Bank securities	2,500	–	2,500	–
Other financial assets	2,500	–	2,500	–

CyanConnode Holdings Plc has entered an agreement with ICICI Bank UK Plc to provide a Letter of Credit to ICICI Bank India to guarantee the working capital facility for CyanConnode Private Limited.

A charge has been registered with Companies House for CyanConnode Holdings Plc whereby ICICI Bank UK Plc has first fixed charge over the account balances and all other rights, titles and interest of CyanConnode Holdings Plc in and to the deposit account.

20. Trade and other receivables – non-current assets

	Group		Company	
	2025 £000	2024 £000	2025 £000	2024 £000
Retention money	1,445	548	–	–
Employee Benefit Trust Loan	–	–	907	927
Contract assets	4,055	2,537	–	–
Loans to other group entities	–	–	370	402
Trade and other receivables	5,500	3,085	1,277	1,329

NOTES TO THE FINANCIAL STATEMENTS

20. Trade and other receivables – non-current assets (continued)

The retention money represents 5% retention on contracts that invoices have been issued and the amount is due from customers on completion of projects. The Group has zero non-settlement of retention historically, and management assessment for expected credit loss on the retention is low looking forward. However, in accordance to the updated IFRS 9 policy, retentions and contract assets will have the lowest level ECL rate applied. Our ECL rate is based on different assessment criteria for aging, to better represent the risk profile of the company. It ranges from 1.07% to 2.5%. Refer to Note 22 for further details.

The Employee Benefit Trust (EBT) holds own shares issued. The original amount of the EBT loan was £3,615,241 of which based on a share price of 33.0 pence for 9,136,772 shares. During the year the fair value of the EBT loan has increased by £332,683 (2024 £952,947 increased in value). There was no further loan made to the EBT in the year (2024: £nil).

The contract assets represent revenue recognised in the year but have not been invoiced. Management expects to raise invoices for these assets in financial years 2026 to 2029.

The loan from the Company to subsidiaries has arisen as the Company provides support as needed to all subsidiaries. These amounts will be paid depending on the affordability of each subsidiary. Repayment of these loans is assessed each year to determine whether impairment is required.

Loans to other group entities relates to amounts owed to CyanConnode Holdings plc by Connode Holding AB. This is considered recoverable because customers settle Connode AB's (a wholly owned subsidiary of Connode Holding AB) payments monthly and both Connode Holding AB and Connode AB have very little running costs so free cash is expected to be generated monthly. It is expected that future repayments are to be made as and when is required. This intercompany loan is unsecured and will be settled in cash. No guarantees have been given or received. For more information on loans to other group entities please see note 37.

21. Inventories

	2025 £000	2024 £000
Raw materials	735	743
Raw materials - provision	(28)	(11)
Raw materials – net realisable value	707	732
Finished goods – cost	1,583	954
Finished goods - provision	–	–
Finished goods – net realisable value	1,583	954
Inventories	2,290	1,686

Inventories are stated after provisions for impairment of £28,000 (2024: £11,000). £17,000 (2024: £20,000) of stock impairment charges were recognised in the year, and £nil (2024: £20,000) was utilised. There has been no impairment reversal (2024: £nil) in the year. The total cost of inventories expensed in the year amounted £8,818,000 (2024: £12,708,000). The Company held no inventories at either balance sheet date.

22. Trade and other receivables

	Group		Company	
	2025 £000	2024 £000	2025 £000	2024 £000
Trade receivables	7,731	8,692	–	–
Allowance for expected credit losses	(160)	(175)	–	–
	7,571	8,517	–	–
Amounts recoverable on contracts	1,309	910	–	–
Other receivables	2,686	911	12	12
Prepayments	179	153	41	43
Trade and other receivables	11,745	10,491	53	55

NOTES TO THE FINANCIAL STATEMENTS

22. Trade and other receivables (continued)

CyanConnode Ltd has a loan of £74,360,698 (2024: £69,281,018) with CyanConnode Holdings plc with a current impairment provision of £74,360,698 (2024: £69,281,018).

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

Trade receivables are non-interest bearing. Credit terms offered to customers vary upon the country of operation and type of goods and services provided. Credit terms are often aligned with the credit terms agreed between the meter manufacturer and the end customer. Hardware sales are normally invoiced on delivery and settled within 30 or 60 days. Software licenses and other services tend to have longer payment terms due to being paid over the contract life.

Expected credit losses

The movement in the expected credit loss provision in the year was as follows:

	Group 2025 £000	Group 2024 £000
As at 1 April	(175)	(273)
Credit /(charge) in the year	15	98
Provision utilised	–	–
As at 31 March	(160)	(175)

Credit risk

At 31 March 2025 the Group had significant concentration of credit risk in six customers which represented 88% (2024: five customers, 98%) of the Group's trade receivables. This reliance on five customers in the India and one customer in UAE is included within our principal risks statement on page 23 of this report.

Trade receivables

	2025 Credit loss % applied	2024 Credit loss % applied	2025 £000	2024 £000
Not yet due	1.07%	1.07%	5,263	7,553
30 – 59 days	1.07%	1.07%	219	8
60 – 89 days	1.07%	1.07%	43	273
90 – 120 days	2.00%	2.00%	125	80
120 days and over	2.50%	2.50%	2,081	778
Total			7,731	8,692

Credit control procedures are implemented to ensure that sales are only made to organisations that are willing and able to pay for them. Such procedures include the establishment and review of customer credit limits and terms. The Group does not hold any collateral or any other credit enhancements over any of its trade receivables nor does it have legal right of offset against any amounts owed by the Group to the counterparty.

An amount of £2,206,000 (2024: £858,000) which is over 90 days overdue is included in trade receivables. A provision of £159,600 (2024: £90,000) has been recognised based on known exposures and expected credit losses.

NOTES TO THE FINANCIAL STATEMENTS

23. Cash and cash equivalents

	Group		Company	
	2025 £000	2024 £000	2025 £000	2024 £000
Cash and cash equivalents	3,332	783	2,941	20

Cash and cash equivalents comprise cash held by the Group and Company and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates to their fair value.

The guarantee of £10,000 given by Barclays Bank plc to HMRC on behalf of CyanConnode Limited was satisfied on 4 March 2024. Barclays Bank plc has granted a foreign exchange facility of £25,000.

24. Trade and other payables

	Group		Company	
	2025 £000	2024 £000	2025 £000	2024 £000
Trade payables	7,721	6,226	47	44
Other payables	9	290	–	–
Accruals	1,230	1,310	176	161
Social security and other taxes	682	392	–	–
Contract liabilities	260	232	–	–
	9,902	8,450	223	205

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs all of which are payable within a year.

Contract liabilities represent deferred revenue from ongoing contracts and recently won contracts of which £75,000 is anticipated to unwind in financial year 2025 (2024: £114,000). During the year £nil (2024: £nil) was recognised.

The Group has financial risk management policies in place to ensure that all payables are paid within agreed credit timeframes. Neither the Group nor the Company has incurred interest charges for late payment of invoices during the year (2024: £nil). The average credit period taken for trade purchases is 276 days (2024: 124 days) due to delayed payments for back-to-back arrangements and periodic payment management for cash flow timing.

Trade payables

	2025 £000	2024 £000
Not yet due	5,716	2,628
30 – 59 days	154	452
60 – 89 days	–	783
Over 90 days	1,851	2,363
Total	7,721	6,226

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

NOTES TO THE FINANCIAL STATEMENTS

25. Borrowings

	Group		Company	
	2025 £000	2024 £000	2025 £000	2024 £000
Loan from directors	400	–	400	–
Bank overdraft	1,331	–	–	–
Other loans	5,000	–	5,000	–
As at 31 March	6,731	–	5,400	–

In February 2025, the Company received advance loans for £400,000 in aggregate from two Directors against its R&D tax credit. These loans will be repaid out of the funds received from HMRC for the group's R&D tax credit expected to be received by October 2025. The loan bore interest at a fixed rate of 15%. The details of interest charges for the year can be found in note 11.

In March 2025 the Company received a short-term, unsecured loan for £5m from its shareholder Axia Investments Limited to support near-term opportunities to grow the business. Interest is charged at 15% per annum. The term of the loan was set at three months with the option to extend a further three months under certain circumstances at the Company's discretion. The loan was repaid in June 2025.

The Group has a debt factoring facility with ICICI bank in India which are secured against Letters of Credit provided by a customer for deliveries of Omnimesh modules. As at the year-end a balance of £nil (2024: £nil) was owing to the bank. The facility bore interest at 8% (2024: 8%) per annum.

Connode AB has an overdraft facility for SEK 2 million (£163k) secured against the assets of Connode AB. The balance on this facility was £nil at 31 March 2025 (2024: £nil).

26. Deferred tax outstanding

This relates primarily to a deferred tax liability recognised on the acquisition of the intangible assets relating to the Connode acquisition, and amortisation relating thereto.

	2025 £000	2024 £000
At 1 April	170	452
Movement during the year (note 12)	(159)	(282)
At 31 March	11	170

	2025 £000	2024 £000
SMIP Intangibles deferred tax	231	264
Deferred tax asset – India	(219)	(82)
Deferred tax asset – Sweden	–	(12)
Accelerated capital allowances	6	11
Short term timing differences	(2)	(2)
R&D intangible	780	619
Losses	(785)	(628)
Total recognised deferred tax liability	11	170

NOTES TO THE FINANCIAL STATEMENTS

26. Deferred tax outstanding (continued)**Unrecognised deferred tax asset**

	2025 £000	2024 £000
Share options	–	–
Losses - UK	(11,053)	(9,958)
Total unrecognised deferred tax asset	(11,053)	(9,958)

The deferred tax asset has not been recognised due to the unpredictability and uncertainty of future profit streams.

27. Other non-current liabilities

	2025 £000	2024 £000
Other payables	135	87

The other non-current liabilities relate to CyanConnode Private Limited in relation to employment obligations.

28. Share capital

Issued and fully paid, ordinary shares of 2.0 pence each	No	£000
As at 31 March 2023	271,887,364	5,438
Issue of new shares	27,188,500	544
As at 31 March 2024	299,075,864	5,982
Issue of new shares	59,815,172	1,196
As at 31 March 2025	358,891,036	7,178

In September 2024 the Company successfully raised funding of £5.38m before expenses through a placing of 59,815,172 ordinary shares.

During the year, 333,333 shares were issued to directors as part payment for their remuneration. £30,000 was raised this way during the year (2024: £50,000).

During the year no shares were issued as a result of the exercise of share options (2024: nil shares). The Company has one class of ordinary share which carries no right to fixed income.

29. Share premium account

Amount subscribed for share capital in excess of nominal value.

30. Own shares held

	Group £000	Company £000
Balance at 31 March 2024 (11,305,524 ordinary share of 2.0 pence per share)	(3,611)	–
Movement in year	86	–
Balance at 31 March 2025 (7,003,857 ordinary share of 2.0 pence per share)	(3,525)	–

Own shares held are those issued to the Employee Benefit Trust.

NOTES TO THE FINANCIAL STATEMENTS

31. Share option reserve

Represents the accumulated balance of share-based payment charges recognised in respect of share options granted by the Company less transfers to retained losses in respect of options exercised or cancelled/lapsed. The reserve also includes the fair value of warrants issued less transfers to retained losses in respect of warrants that have been exercised or have lapsed.

32. Translation reserve

The translation reserve records the cumulative exchange differences arising from the translation of the financial statements of overseas subsidiaries.

33. Accumulated losses

Cumulative net gains and losses recognised in the Consolidated Statement of Comprehensive Income.

34. Reconciliation of operating loss to net cash flow from operating activities

Group	2025 £000	2024 £000
Operating loss for the year	(3,847)	(4,204)
Adjustments for:		
Depreciation of property, plant and equipment	128	58
Amortisation of Intangible assets	157	267
Depreciation on right of use assets	111	73
Impairment of intangible assets	–	791
Share based payments	220	51
Operating cash flows before movements in working capital	(3,231)	(2,964)
Increase in inventories	(621)	(913)
Increase in receivables	(3,688)	(4,348)
Increase in payables	1,500	4,662
Cash outflow from operating activities	(6,040)	(3,563)
Net income taxes received	500	703
Net cash outflow from operating activities	(5,540)	(2,860)

35. Share based payments**Equity-settled share option scheme**

The Company has a share option scheme for all employees of the Group. EMI and unapproved options are exercisable at a price equal to, or at a premium to, the average quoted market price of all the Company's shares on the date of grant. The vesting period is typically 3-4 years and the options have a life of 10 years. If the options remain unexercised after the period of 10 years from the date of grant, they will expire. Options are forfeited if the employee leaves the Group before they vest.

The Company also has a Joint Share Ownership Plan ("JSOP") under which shares are granted to certain directors and senior employees of the Company. Shares issued under the JSOP are issued at a premium to the quoted market price at the time of issue. They typically have vesting periods up to 3 years and a life of 5 years. Further information on shares issued under the JSOP can be found in the Directors' Remuneration Report on page 45.

NOTES TO THE FINANCIAL STATEMENTS

35. Share based payments (continued)

Details of the share options outstanding during the year were as follows:

	2025		2024	
	Number of share options	Weighted average Exercise price (in £)	Number of share options	Weighted average Exercise price (in £)
Outstanding at beginning of year	28,701,011	0.15	24,577,078	0.15
Granted during year	2,950,024	0.10	9,167,271	0.14
Forfeited during year	(3,525,529)	0.13	(5,043,338)	0.16
Outstanding at the end of the year	28,125,506	0.15	28,701,011	0.15
Exercisable at the end of the year	20,542,962	0.15	16,731,987	0.15

The options outstanding at 31 March 2025 had a weighted average remaining contractual life of 45 months (2024: 81 months). The options outstanding at year end had exercise prices ranging from £0.10 to £0.84.

In the year to 31 March 2025, options were granted on 10 October, 11 November and 20 November. The aggregate of the estimated fair value of those options is £ 194,173.

In the year to 31 March 2024, options were granted on 17 November and 30 January. The aggregate of the estimated fair value of those options is £710,437. In addition, on 30 January, 437,793 replacement options were granted for options granted in 2017 with no incremental fair value.

A share option charge of £219,860 (2024: £51,059) was recognised during the year.

The inputs into the Black-Scholes model for options granted during the year (EMI, unapproved and JSOP shares) are as follows:

	2025	2024
Weighted average share price	14.41p	14.55p
Weighted average exercise price	15.10p	15.30p
Expected volatility	86%	85%
Expected life	4 years	4 years
Risk free rate	3.50%	3.50%
Expected dividend yield	0%	0%

Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous 60 months. The expected life used in the model is the time from the grant date to the expected exercise date. The life of the options is dependent on the expiration date, volatility of the underlying shares and vesting features.

NOTES TO THE FINANCIAL STATEMENTS

35. Share based payments (continued)

Warrants

The Company issues share warrants, either in connection with the issue of equity or for the service received from third parties. Warrants are issued at a fixed price and for a fixed number of shares, such that each warrant entitles the holder to subscribe for one Ordinary Share in the Company. All share warrants vest immediately on issue.

	2025		2024	
	Number of warrants	Weighted average Exercise price (in £)	Number of warrants	Weighted average Exercise price (in £)
Outstanding at beginning of year	27,300,105	0.15	341,605	0.54
Granted during the year	–	–	27,188,500	0.15
Lapsed during the year	(111,604)	0.61	(230,000)	0.54
Outstanding at the end of the year	27,188,501	0.15	27,300,105	0.15
Exercisable at the end of the year	27,188,501	0.15	111,604	0.61

The inputs into the Black-Scholes model for the warrants are as follows:

	2025	Pre-2024
Weighted average share price	15.00p	14.94p
Weighted average exercise price	15.00p	15.00p
Expected volatility	85%	85%
Expected life	10 years	10 years
Risk free rate	3.5%	3.5%
Expected dividend yield	0%	0%

Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous 60 months. The expected life used in the model has been adjusted, based on management's best estimates, for the effects of non-transferability, exercise restrictions and behavioural considerations.

36. Financial instruments and risk management

The table below sets out the Company's accounting classification of each category of financial assets and liabilities and their carrying values:

	Group		Company	
As at end of year	2025 £000	2024 £000	2025 £000	2024 £000
Financial assets				
Classified as amortised cost				
Trade receivables	7,571	8,517	–	–
Retention money	1,445	548	–	–
Other financial assets	2,943	–	2,500	–
Intercompany receivables	–	–	370	402
Other debtors	1,811	496	919	939
Contract assets	5,364	3,447	–	–
Cash and cash equivalents	3,332	783	2,941	20
Total financial assets	22,466	13,791	6,730	1,361

NOTES TO THE FINANCIAL STATEMENTS

36. Financial instruments and risk management (continued)

As at end of year	Group		Company	
	2025 £000	2024 £000	2025 £000	2024 £000
Financial liabilities				
Classified as amortised cost				
Trade payables	7,721	6,226	47	44
Other payables	9	290	–	–
Accruals	1,230	1,310	176	161
Short-term borrowings	6,731	–	5,400	–
Lease liabilities	363	474	–	–
Total financial liabilities	16,054	8,300	5,623	205

The Directors consider that the financial assets and liabilities have fair values not materially different to carrying values.

The following are the remaining contractual maturities of financial liabilities at the year end. The amounts are gross and undiscounted and include contractual interest payments and exclude the impact of netting agreements.

As at 31 March 2025

	Contractual Cash Flows				
	Carrying Amount £000	Total £000	1 – 12 months £000	1 – 2 years £000	2 – 5 years £000
Non-derivative financial liabilities					
Trade payables	7,721	(7,721)	(7,721)	–	–
Other payables	9	(9)	(9)	–	–
Accruals	1,230	(1,230)	(1,230)	–	–
Short-term borrowings	6,731	(6,756)	(6,756)		
Lease liabilities	363	(393)	(138)	(138)	(117)
Total	16,054	(16,109)	(15,854)	(138)	(117)

As at 31 March 2024

	Contractual Cash Flows				
	Carrying Amount £000	Total £000	1 – 12 months £000	1 – 2 years £000	2 – 5 years £000
Non-derivative financial liabilities					
Trade payables	6,226	(6,226)	(6,226)	–	–
Other payables	290	(290)	(290)	–	–
Accruals	1,310	(1,310)	(1,310)	–	–
Lease liabilities	474	(528)	(135)	(138)	(255)
Total	8,300	(8,354)	(7,961)	(138)	(255)

NOTES TO THE FINANCIAL STATEMENTS

36. Financial instruments and risk management (continued)

Risk management

The Company's financial function provides services to the business, monitors and manages the financial risks relating to the operations of the Group. The main types of risk are outlined below. The Group does not enter into or trade financial instruments, including derivative financial instruments, for any purpose.

Credit risk

The Group's credit risk is primarily attributable to its trade receivables and cash, the credit risk on other classes of financial asset is insignificant. The Group's credit risk on cash and cash equivalents was limited because the majority of its liquid resources are held with mainstream financial institutions which have good credit ratings. The Group's credit risk was therefore primarily attributable to its trade receivables. Note 22 provides further details regarding the recovery of trade receivables.

The Company has made a provision against the amount of the debt owed to it by its subsidiary company CyanConnode Limited totalling £74,360,698 (2024: £69,281,017). In addition, the Company has made a total provision of £5,079,681 (2024: £2,688,189) against the debt owed to it by CyanConnode Employees Benefit Trust which is held with Zedra and relates to the loan for the EBT shares, to bring the loan in line with market value of the shares held in the Trust. These amounts are not overdue. The EBT loan is a five-year agreement from November 2021. Since the Group holds no collateral, the maximum exposure to credit risk is the carrying value of trade receivables.

Capital risk

Details relating to capital risk and capital risk management are set out in the capital structure section in the Directors' Report on page 50 of this report.

Liquidity risk

Liquidity risk of the Group is attributable to the sales level at the current business development stage not being able to generate sufficient cash flows to support required working capital. It is also attributable to the company not being able to raise sufficient funding. The Group manages liquidity risk by maintaining adequate reserves and banking facilities and continuously monitoring forecast and actual cash flows.

Market risk

We operate primarily in the smart electricity metering sector in India, United Arab Emirates, Scandinavia and the UK. Therefore, we are exposed to changes in market growth rates in this sector as well as macro-economic and political risk in these countries. We are currently expanding operations both in terms of industry sector and geographic reach. This will help to diversify away this market risk. At present, the market we are in continues to grow rapidly in line with industry forecasts.

Currency risk

The Group's activities expose it to the financial risks of changes in foreign currency exchange rates as it undertakes certain transactions denominated in foreign currencies. It is also exposed to the financial risks of changes in foreign currency exchange rates as subsidiaries' primary accounting records are held in foreign currencies (INR and SEK).

The risk is managed through careful control of the Group's foreign currency balances.

The table below is showing assets and liabilities from the overseas group companies which have been converted to Sterling at the 31 March 2025 exchange rate.

	INR £000	SEK £000
Fixed assets	1,674	260
Current assets	17,525	23
Current liabilities	(11,431)	12
Net assets	7,768	295

Foreign currency sensitivity analysis

Currency risks are defined by IFRS 7: "Financial Instruments: Disclosures" as the risk that the fair value or future cash flows of a financial asset or liability will fluctuate because of changes in foreign exchange rates.

NOTES TO THE FINANCIAL STATEMENTS

36. Financial instruments and risk management (continued)

The following table details the transactional impact of hypothetical changes in foreign exchange rates on financial assets and liabilities at the balance sheet date, illustrating the increase/(decrease) in Group operating profit caused by a 10% strengthening of the Indian Rupee and Swedish Krona against Sterling compared to the year-end spot rate. The analysis assumes that all other variables (in particular, other foreign currency exchange rates) remain constant.

Year ended	March 2025 £000	March 2024 £000
Indian Rupee	1,422	1,252
Swedish Krona	44	39

The following table details the impact of hypothetical changes in foreign exchange rates on financial assets and liabilities at the balance sheet date, illustrating the increase/(decrease) in Group equity cause by a 10% weakening of the Indian Rupee and Swedish Krona against Sterling. The analysis assumes that all other variables (in particular, other foreign currency exchange rates) remain constant.

Year ended	March 2025 £000	March 2024 £000
Indian Rupee	(924)	(667)
Swedish Krona	(2)	(4)

Fair value of financial instruments

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Group has documented internal policies for determining fair value, including methodologies used to establish valuation adjustments required for credit risk.

37. Related Party Transactions

Board members

Please refer to page 51 of the Directors' Report for a full list of directors who served in the year. During the year, 3,277,778 (2024: 1,000,000) newly issued shares were purchased by the directors of the Company for £295,000 (2024: £100,000).

During the year, the Company paid fees of £433,750 (2024: £423,333) in respect of services provided by directors. The balance outstanding at the year-end was £32,000 (2024: £78,500). Please see page 47 of the Directors' Remuneration Report for further information.

To assist with working capital, a loan was granted from one director in April 2024 for £400,000. This was repaid during the year. Interest was charged at a fixed rate. During the year interest of £22,500 (2024: £30,375) was incurred and no balance (2024: £Nil) was outstanding at the year end.

In August 2024 a short-term loan was provided to the Company by John Cronin for £260,000 and repaid in September 2024. Interest was charged at 13.5% per annum. During the year interest of £5,450 was charged.

In February 2025 short-term loans were provided to the Company by David Johns-Powell (£200,000) and Peter Tyler (£ 200,000) which will be repaid during the next financial year from the R&D tax credit receipt from HMRC expected in or around October 2025. Interest is charged at a fixed rate per day by David Johns-Powel of £82.19 and a fixed rate of £2,500 per month by Peter Tyler. During the year interest of £6,938 was charged.

Transactions between parent company and subsidiaries

Year end balances outstanding and transactions in the year between the parent company and its subsidiaries are disclosed below.

	Connode Holding AB £000	Connode AB £000	CyanConnode Limited £000	CyanConnode Private Limited £000	CyanConnode Communications L.L.C
Loans to related parties					
Balance as at 31 March 2024	360	37	–	4	–
Cash repayments	–	–	–	–	(44)
Loss on foreign exchange revaluation	13	–	–	–	–
Balance as at 31 March 2025	373	37	–	4	(44)

NOTES TO THE FINANCIAL STATEMENTS

37. Related Party Transactions (continued)

CyanConnode Holdings plc makes a management charge for services rendered to CyanConnode Limited. In the year to 31 March 2025 these amounted to £80,000 (2024: £194,000).

CyanConnode Ltd has a loan of £74,360,698 (2024: £69,281,018) with CyanConnode Holdings plc with a current impairment provision of £74,360,698 (2024: £69,281,018).

Loan from shareholder

Refer to note 25 for details of a loan from a shareholder during the year.

38. Events after the reporting period

CyanConnode Holdings received \$15 million from Smart Sustainability Solutions Limited (the "Lender"), split into two convertible loan notes of \$7.5 million each. The first payment against these loan notes was received in May 2025 and the second in July 2025. The parties have executed Convertible Loan Note instruments under which the Lender has advanced an amount of \$15 million in aggregate to CyanConnode Holdings Plc in exchange for which CyanConnode Holdings Plc has issued loan notes to the Lender for the Principal Amounts. The first £7.5 million was used to repay the £5 million short-term loan, received in March 2025 from Axia Investments Limited.

Interest will be charged at 7% per annum. Repayment of the first \$7.5 million is due at the earliest of April 2028 and no later than April 2030, after which the Lender is entitled to convert the shares into equity if the loan is not repaid. The second repayment of \$7.5 million is due to be repaid at the earliest date of July 2028 and no later than July 2030 after which the Lender is entitled to convert the loan into equity if not repaid.

In June 2025, DigiSmart Networks Private Limited, a subsidiary of CyanConnode Private Limited, was awarded the contract to rollout c.750,000 smart meters in Goa, as an AMISP.

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