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Kigen (UK) Limited
Annual Report and Financial Statements
For the year ended 31 March 2022

Kigen (UK) Limited

Financial statements

For the financial year ended 31 March 2022

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Kigen (UK) Limited

Company information

Directors	Emily Kate Rodgman (resigned 26 January 2022) James Alves MacDonald (appointed 26 January 2022) Vincent Korstanje Andreas Hansson (appointed 30 November 2021)
Secretary	Baker & McKenzie Global Services NI Limited City Quays One 7 Clarendon Road Belfast BT1 3BG
Bankers	Bank of America (London) 2 King Edward Street London EC1A 1HQ Bank of America (Ireland) 2 Park Place Hatch Street Dublin 2 Ireland
Solicitors	Reed Smith Reed Smith Centre 225 Fifth Avenue Pittsburgh 15222 United States
Auditors	Grant Thornton (NI) LLP Chartered Accountants & Statutory Audit Firm 12 – 15 Donegall Square West Belfast BT1 6JH
Registered office	Merlin Place Milton Road Cambridge Cambridgeshire England
Registered number	12780803

Kigen (UK) Limited

Strategic Report

For the financial year ended 31 March 2022

The directors present their Strategic Report for Kigen (UK) Limited (the "group") for the financial year ended 31 March 2022. The comparative consolidated statement of financial position and statement of changes in equity are unaudited.

Principal Activities

The principal activities of the group are that of research and development of Internet of Things ("IOT") related technology, specifically in SIM, eSIM and integrated SIM OS products to bring next generation security for the future of communications. Remote SIM provisioning and data generation services are provided in conjunction with an ecosystem of telecom operators, chip and module manufacturing partners and smart equipment manufacturers with the aim of providing secure global IOT solutions.

Revenue of the business, Results and Dividends

The Group loss for the year after taxation amounted to \$25.8m (2021: loss \$15.6m for the period 30 July 2020 to 31 March 2021).

The Group's revenue for the year ended 31 March 2022 was \$9.5 million (2021: \$3.8m). Licence revenues attributable to SIM and eSIM were \$8.3m (2021: \$2.5m) and revenues attributable to server, hardware & other professional services were \$1.2m (2021: \$0.3m).

Cost of sales for the year ended 31 March 2022 were \$5.9m resulting in a gross profit of \$3.7m. Cost of sales primarily consist of royalty fees associated with third party intellectual property.

Total operating costs for the year ended 31 March 2022 were \$30.0m (2021: \$18.4m) resulting in an operating loss of \$25.8m (2021: loss \$15.5m).

In line with the principal activities of the group, the company is in a research and development phase.

Key performance indicators:

The key performance indicators (KPI's) are:

	2022	2021
Revenue	\$9.5m	\$3.8m
Adjusted EBITDA (loss)	(\$22.9)m	(\$14.2)m
EBITDA (loss)	(\$23.4)m	(\$14.7)m
Headcount	133	137

Adjusted EBITDA includes non-recurring operating costs for exceptional costs (\$1.2m); and gain on foreign exchange (\$0.5m).

Kigen (UK) Limited

Strategic Report

For the financial year ended 31 March 2022

Future developments

The company remains committed to its vision of securing the world's device identity and will continue to invest in the development of IoT related technologies, specifically in eSIM and iSIM OS products. The directors expect that the Group will continue to generate a loss for the coming years, as it continues to invest in research and development of its key mission.

Principal risks and uncertainties

Softbank Corp Group is the ultimate parent company of the SVF II EU Aggregator (DE) LLC who is the immediate parent of Kigen (UK) Limited. The directors and senior leadership team of Kigen (UK) Limited manage the risks of the Kigen Group. The principal risks and uncertainties of the Group, which include those of the Company, are:

- A change in the industry business dynamic may lead to loss of market share and/or reduction in value of IP;
- A competitor's product or technology may lead to loss of market share;
- Supply chain disruption as a result of the ongoing conflict in Ukraine and consequences arising from the COVID-19 pandemic could reduce global demand for electronic products, leading to smaller end-markets and increased price competition
- Significant concentration in our customer base may increase the risk to the Group's growth ambitions;
- IP infringement risk and liability;
- Recruitment and retention of skilled staff, particularly in respect of research and development;
- Cyber-attack risk; and
- The Group could suffer a loss of revenue, or an increase in costs, as a result of the impact of geopolitical factors, such as international trade disputes, which limit the Group's ability to transact with customers in certain jurisdictions.

The Group has a robust risk management committee and internal control processes in place to review and identify key risks. This involves assigning ownership for each risk at a senior management level; identifying both existing and planned management activities to mitigate each risk, assess the residual likelihood and impact of each risk; and ensure ongoing monitoring and reporting of each key risk.

Employee involvement and disabled employees

The company consults with employees on significant developments, major products and on matters affecting them. Consultation with employees or their representatives at all levels is a core part of the business ethos, to ensure that their views and wellbeing are taking into account, specifically when operational, financial or economic decisions may impact on the Group. The company also has active health and safety policies and procedures at each office.

Kigen (UK) Limited

Strategic Report

For the financial year ended 31 March 2022

Employee involvement and disabled employees

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a disabled person. Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees.



Vincent Korstanje

Director

Kigen (UK) Limited

Directors' report

For the financial year ended 31 March 2022

The Directors present their annual report and audited financial statements for Kigen (UK) Limited the company, and its subsidiaries for the financial year ended 31 March 2022. The financial information for the comparative period is unaudited.

Corporate information

The Company is a private limited company formed under UK law. The Company, together with its direct and indirect wholly owned subsidiaries, are collectively referred to as "we," "us," "our," "Kigen" or the "Group". The immediate parent of the Company is SVF II EU Aggregator (DE) LLC. The ultimate parent is Softbank Group Corp.

On 11 January 2022, Softbank Group Corp. was registered as a "person with significant control", and the previous ultimate beneficiary owner, Pelion Iot Limited ceased as a "person with significant control".

Principal activities

The principal activities of the group are that of research and development of Internet of Things ("IOT") related technology, specifically in SIM, eSIM and integrated SIM OS products to bring next generation security for the future of communications. Remote SIM provisioning and data generation services are provided in conjunction with an ecosystem of telecom operators, chip and module manufacturing partners and smart equipment manufacturers with the aim of providing secure global IOT solutions.

Matters contained in the Strategic Report

As permitted by Section 414 (c) (11) of the Companies Act 2006, the directors have elected to disclose information required to be in the directors' report by Schedule 7 of the "Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008", in the Strategic report.

Results and Dividends

The loss for the financial year amounted to \$25.8m (2020: loss \$15.6m for the period 30 July 2020 to 31 March 2021).

No dividend was paid in 2022, (2021: \$NIL). The directors do not recommend a final dividend (2021 \$Nil).

Future Developments

The section on future developments, which is detailed in the Strategic report, is included in this report by cross reference.

Directors

The directors of the Group who served during the year and up to the date of the signing of the financial statements were:

Emily Kate Rodgman (resigned 26 January 2022)
James Alves MacDonald (appointed 26 January 2022)
Vincent Korstanje
Andreas Hansson (appointed 30 November 2021)

Kigen (UK) Limited

Directors' report *(continued)*

For the financial year ended 31 March 2022

Research and development activities

The Group opted into the Research and Development Tax Credit scheme during the year. Under the terms of the scheme a taxable research and development expenditure credit of £581,000 (2021: \$280,000) is expected to be received in relation to expenditure in preceding periods.

Financial risk management

Credit Risk

The Company's principal financial assets are bank balances and cash, and trade and other receivables. The Company's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of allowances for doubtful receivables and expected credit loss default. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk:

To maintain liquidity and ensure that sufficient funds are available for ongoing operations and future developments, the Company's policy is to maintain balances of cash and cash equivalents, and short and long-term deposits and similar instruments, such that the highly liquid resources exceed the Company's projected cash outflows at all times.

Cash flow risk:

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The majority of interest-bearing assets and liabilities are held at a fixed rate to ensure certainty of cash flows. Where possible, the Company manages its currency exposure by seeking to match currency inflows and outflows.

Supply Chain risk:

Other risks faced are product availability, particularly in respect of Silicon used for hardware. The security of product supply is monitored by the business on an ongoing basis with regular reviews such as supplier strength and quality of products.

Overseas branches

The parent company has registered branches in the Republic of Ireland and Singapore.

Going Concern

The directors have a reasonable expectation that the Group and the Company will continue in operational existence for the foreseeable future due to the ongoing financial support on amounts due for repayment and working capital requirements which has been committed to by the ultimate parent undertaking. During the year, the Group remained a subsidiary of Pelion IOT Limited which was transferred out of the Arm Group on 30 November 2021 and became a subsidiary of Softbank Group Capital Limited. Subsequently on 11 January 2022 the Group was sold by Pelion IOT Limited to SVF II EU Aggregator (DE) LLC, who is now the Group's immediate controlling party.

Kigen (UK) Limited

Directors' report *(continued)*

For the financial year ended 31 March 2022

The directors have obtained a letter of support from Softbank Vision Fund II-2 L.P that commits to support the Company's operating cash needs and meet its debts as they fall due for the twelve-month period following approval of these financial statements.

The forward-looking going concern considerations are not materially impacted by the COVID-19 pandemic, Ukraine-war or cost of living crisis.

Subsequent events

There have been no subsequent events since the year-end.

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the United Kingdom, and in compliance with the Companies Act 2006. The comparative financial information for the consolidated group is unaudited. The parent company Kigen (UK) Limited transitioned to IFRS as adopted by the United Kingdom for the year ended 31 March 2022. The comparative financial information has been re-stated accordingly. The transition had no impact on the profit or loss or shareholders funds for the year ended 31 March 2021, or as at 30 June 2020 (on incorporation). The comparative financial information for the year ended 31 March 2021 was the first year of incorporation.

Disclosure of information to the auditor

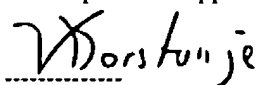
Each of the persons who are directors at the time when the Directors' report was approved have confirmed that:

- So far as the directors are aware, there is no relevant audit information of which the Company and the Group's auditor is unaware; and
- The director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Auditor

The auditor, Grant Thornton (NI) LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf by:



Vincent Korstanje
Director

24 January 2023

Kigen (UK) Limited

Directors' responsibilities statement in respect of the financial statements For the financial year ended 31 March 2022

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

Company law requires the Directors to prepare consolidated financial statements for each financial year. Under that law they have elected to prepare consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the UK.

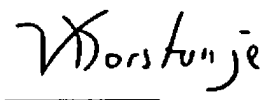
Under the Company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the Group and the Company's assets, liabilities and financial position and of the profit or loss of the Group for each financial year and otherwise comply with the Companies Act 2006.

In preparing these financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with appropriate accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards, and
- 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 disclose with reasonable accuracy at any time the assets, liabilities and financial position of the Group and the Company and enable them to ensure that its financial statements and directors' report comply with the Companies Act 2006 and enable the financial statements to be audited. They are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and the Company and to prevent and detect fraud and other irregularities.

On behalf of the board as of 24 January 2023



Vincent Korstanje
Chief Executive Officer, Director

Kigen (UK) Limited

Independent auditor's report to the members of Kigen (UK) Limited

Opinion

We have audited the financial statements of Kigen (UK) Limited ("the Company") and its subsidiaries ("the Group"), which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Comprehensive Income, the Consolidated and the Company statement of financial position, the Consolidated statement of cash flows and the Consolidated and the Company statement of changes in equity for the year ended 31 March 2022, and the related notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK-adopted international accounting standards (IFRS).

In our opinion, Kigen (UK) Limited's financial statements:

- give a true and fair view in accordance with UK-adopted international accounting standards of the assets, liabilities and financial position of the Group and the Company as at 31 March 2022 and of the Group financial performance and cash flows for the year then ended; and
- have been properly 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 'Responsibilities of the auditor for the audit of the financial statements' section of our report. We are independent of the Group and the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the FRC's Ethical Standard and the ethical pronouncements established by Chartered Accountants Ireland, applied as determined to be appropriate in the circumstances for the Group and the Company. 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Other matter

The financial statements of the Company for the year ended 31 March 2021, were audited by Deloitte LLP who expressed an unmodified opinion on those statements on 15 March 2022.

For the year ended 31 March 2021, the Group was not required to obtain audited financial statements as the Group qualified as small under company law and availed of the small company audit exemption. Therefore, the corresponding figures have not been audited.

Kigen (UK) Limited

Independent auditor's report to the members of Kigen (UK) Limited (continued)

Other information

Other information comprises information included in the annual report, other than the financial statements and our auditor's report thereon, including the Directors' Report and the Strategic Report. The directors are responsible for the other information. 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.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies in the financial statements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 has 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 company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' remuneration report to be audited 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 management and those charged with governance for the financial statements

As explained more fully in the Directors' responsibilities statement, management is responsible for the preparation of the financial statements which give a true and fair view in accordance with UK-adopted international accounting standards and for such internal control as directors determine necessary to enable the preparation of financial statements are free from material misstatement, whether due to fraud or error.

Kigen (UK) Limited

Independent auditor's report to the members of Kigen (UK) Limited (continued)

Responsibilities of management and those charged with governance for the financial statements (continued)

In preparing the financial statements, management is responsible for assessing the Group and 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 management either intends to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group and the Company's financial reporting process.

Responsibilities of the auditor for the audit of the financial statements

The objectives of an auditor 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 their 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.

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatement in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to compliance with Data Privacy law, Employment Law, and Pensions Legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the local law and tax Companies Act 2006 and UK tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial performance and management bias through judgements and assumptions in significant accounting estimates, in particular in relation to significant one-off or unusual transactions. We apply professional scepticism through the audit to consider potential deliberate omission or concealment of significant transactions, or incomplete/inaccurate disclosures in the financial statement.

Kigen (UK) Limited

Independent auditor's report to the members of Kigen (UK) Limited (continued)

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)

In response to these principal risks, our audit procedures included but were not limited to:

- enquiries of management on the policies and procedures in place regarding compliance with laws and regulations, including consideration of known or suspected instances of non-compliance and whether they have knowledge of any actual, suspected or alleged fraud;
- inspection of the group's regulatory and legal correspondence and review of minutes of board meetings during the year to corroborate inquiries made;
- gaining an understanding of the internal controls established to mitigate risk related to fraud;
- discussion amongst the engagement team in relation to the identified laws and regulations and regarding the risk of fraud, and remaining alert to any indications of non-compliance or opportunities for fraudulent manipulation of financial statements throughout the audit;
- identifying and testing journal entries to address the risk of inappropriate journals and management override of controls;
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing;
- challenging assumptions and judgements made by management in their significant accounting estimates, including managements assessment of going concern, estimating useful life of depreciable assets, and estimating incremental borrowing rates on lease liabilities; and
- review of the financial statement disclosures to underlying supporting documentation and inquiries of management.

The primary responsibility for the prevention and detection of irregularities including fraud rests with those charged with governance and management. As with any audit, there remains a risk of non-detection or irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or override of internal controls.

The purpose of our audit work and to whom we owe our responsibilities

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.



Louise Kelly (Senior Statutory Auditor)
For and on behalf of
Grant Thornton (NI) LLP
Chartered Accountants & Statutory Auditors
Belfast
Northern Ireland
24 January 2023

Kigen (UK) Limited

Consolidated Profit and Loss Account For the financial year ended 31 March 2022

Thousands of dollars	Note	Year ended 31 March 2022 \$000	Unaudited Period ended 31 March 2021 \$000
Revenue	4	9,507	3,775
Cost of sales		<u>(5,893)</u>	<u>(1,110)</u>
Gross profit		3,614	2,665
Operating expenses			
Research and development credits		581	280
General and administrative expenses	6	<u>(29,988)</u>	<u>(18,417)</u>
Loss from operating activities		<u>(25,793)</u>	<u>(15,472)</u>
Finance income	7	132	-
Finance expense	7	<u>(89)</u>	<u>(5)</u>
Loss before income tax		<u>(25,750)</u>	<u>(15,477)</u>
Income tax expense	10	<u>(57)</u>	<u>(156)</u>
Loss for the year attributable to equity holders of the parent		<u>(25,807)</u>	<u>(15,633)</u>

Consolidated Statement of Profit and Loss and other Comprehensive Income

Thousands of dollars	Year ended 31 March 2022 \$000	Unaudited Period ended 31 March 2021 \$000
Loss for the year attributable to the equity holders	(25,807)	(15,633)
Other comprehensive income		
<i>Items that are or may be reclassified subsequently to profit or loss</i>		
Exchange differences on the translation of foreign subsidiaries	(709)	21
Other comprehensive expense for the year/period.	<u>(709)</u>	<u>21</u>
Total comprehensive income for the year, net of tax attributable to the equity holders of the parent	<u>(26,516)</u>	<u>(15,612)</u>

All amounts relate to continuing operations.

The accompanying notes on pages 19 to 56 are an integral part of these financial statements.

Kigen (UK) Limited

Consolidated statement of financial position

As at 31 March 2022

Thousands of dollars	Note	2022 \$000	Unaudited 2021 \$000
Assets			
Non-current assets			
Property, plant and equipment	11	2,445	2,807
Right-of-use assets	19	2,136	-
Intangible assets	12	504	574
Deferred tax assets		27	34
Total non-current assets		5,112	3,415
Current assets			
Inventories	14	521	5
Trade and other receivables	15	11,247	2,880
Cash and cash equivalents	16	32,991	2,302
Total current assets		44,759	5,187
Total assets		49,871	8,602
Equity and liabilities			
Capital deficiency			
Share capital	17	-	-
Share premium		74,778	989
Other reserve		525	525
Currency translation reserve		(688)	21
Accumulated deficit		(41,440)	(15,633)
Total equity attributable to equity holders		33,175	(14,098)
Non-current liabilities			
Lease liabilities	19	1,850	-
Long term accrued expenses	18	274	-
Total non-current liabilities		2,124	-
Current liabilities			
Trade payables and accrued expenses	18	14,039	22,602
Deferred revenue	18	176	43
Lease liabilities	19	281	-
Current tax payable	10	76	55
Total current liabilities		14,572	22,701
Total liabilities		16,696	22,701
Total equity and liabilities		49,871	8,602

The accompanying notes are an integral part of these financial statements.

On behalf of the board as of 24 January 2023



Vincent Korstanje

Director

Registered number

12780803

Kigen (UK) Limited

Consolidated statement of cash flows For the financial year ended 31 March 2022

Thousands of Dollars	Note	2022 \$000	Unaudited 2021 \$000
Operating activities			
Loss for the financial year		(25,807)	(15,633)
Adjustments for:			
Net finance income	7	(43)	5
Depreciation of tangible assets	11	768	395
Amortisation of Right-of-Use Assets	19	669	67
Amortisation of Intangible Assets	12	81	-
Income tax expense	10	57	156
R&D Tax Credit	10	(581)	(280)
Operating loss before working capital changes		(24,856)	(15,290)
Change in inventories	14	(516)	(5)
Change in trade and other receivables	15	(8,506)	(2,362)
Change in trade payables and accrued expenses	18	(8,597)	22,476
		(42,475)	4,819
Income tax paid	10	551	147
Interest income received	7	105	-
Net cash (used in)/generated from operating activities		(41,819)	4,966
Investing activities			
Purchase of property, plant and equipment and intangible assets	11,12	(553)	(3,653)
Net cash used in investing activities		(553)	(3,653)
Financing activities			
Leasehold repayments	19	(728)	-
Amounts received from investments		73,789	989
Net cash inflows from financing activities		73,061	989
Net increase in cash and cash equivalents		30,689	2,302
Cash and cash equivalents at the beginning of the financial year	16	2,302	-
Cash and cash equivalents at the end of the financial year	16	32,991	2,302

The accompanying notes are an integral part of these financial statements.

Kigen (UK) Limited
Consolidated statement of changes in equity
For the financial year ended 31 March 2022

Thousands of Dollars	Note	Equity Share Capital* \$000	Share premium \$000	Translation reserve \$000	Other Reserve \$000	Profit and loss account \$000	Total Equity \$000
As at 31 July 2020		-	-	-	-	-	-
Loss for the financial period		-	-	-	-	(15,633)	(15,633)
Other comprehensive income		-	-	21	-	-	21
Total comprehensive expense for the period		-	-	21	-	(15,633)	(15,612)
Transactions with owner, recorded directly in equity							
Issue of share capital		-	989	-	-	-	989
Arising on Group reorganisation		-	-	-	525	-	525
Total transactions with owners		-	989	-	525	-	1,514
Balance at 31 March 2021 (unaudited)		-	989	21	525	(15,633)	(14,098)
Loss for the period		-	-	-	-	(25,807)	(25,807)
Other comprehensive expense		-	-	(709)	-	-	(711)
Total comprehensive income for the year		-	-	(709)	-	(25,807)	(26,518)
Transactions with owner, recorded directly in equity							
Movement arising from change in ownership		-	(989)	-	-	-	(989)
Movement arising from issue of shares as a result of change of ownership	19	-	74,778	-	-	-	74,778
Total transactions with owners		-	73,789	-	-	-	73,789
Balance at 31 March 2022		-	74,778	(688)	525	(41,440)	33,175

*Equity share capital as at 31 March 2022 was £1 of ordinary shares (2021: £1 of ordinary shares)
The accompanying notes are an integral part of these financial statements.

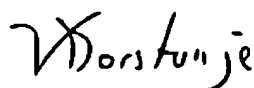
Kigen (UK) Limited

Company statement of financial position As at 31 March 2022

Thousands of Dollars	Note	2022 \$000	2021 (restated) \$000
Assets			
Non-current asset			
Property Plant and Equipment	11	2,244	2,566
Right-of-use asset	19	2,136	-
Intangible Assets	12	102	151
Investments	13	3,230	15
Total non-current assets		7,712	2,732
Current assets			
Inventory	14	521	5
Trade and other receivables	15	10,806	2,994
Cash and cash equivalents	16	30,561	806
Total current assets		41,888	3,805
Total assets		49,600	6,537
Equity and liabilities			
Equity			
Share capital	17	-	-
Share premium		74,778	989
Accumulated deficit (including a loss of \$26,251,000 for the current financial year (2021: \$15,985,000))		(42,236)	(15,985)
Foreign currency reserve		(624)	36
Total equity attributable to equity holders of the Company		31,918	(14,960)
Non-current liability			
Long term accrued expenses	18	176	37
Lease liability	19	1,850	-
Total non-current liabilities		2,026	37
Current liability			
Trade payables and accrued expenses	18	15,199	21,458
Deferred revenue	18	176	2
Lease Liability	19	281	-
Total current liabilities		15,656	21,460
Total liabilities		17,682	21,497
Total equity and liabilities		49,600	6,537

The accompanying notes are an integral part of these financial statements.

On behalf of the board as of 24 January 2023



Vincent Korstanje

Director

Registered number

12780803

Kigen (UK) Limited
Company statement of changes in equity
For the financial year ended 31 March 2022

Thousands of Dollars	Note	Equity Share Capital* \$000	Share premium \$000	Translation reserve \$000	Profit and loss account \$000	Total Equity \$000
As at 31 July 2020		-	-	-	-	-
Loss for the financial period		-	-	-	(15,985)	(15,985)
Other comprehensive income		-	-	37	-	37
Total comprehensive expense for the period		-	-	37	(15,985)	(15,949)
Transactions with owner, recorded directly in equity						
Issue of share capital		-	989	-	-	989
Total transactions with owners		-	989	-	-	989
Balance at 31 March 2021		-	989	37	(15,985)	(14,960)
Loss for the period		-	-	-	(26,151)	(26,151)
Other comprehensive expense		-	-	(661)	-	(661)
Total comprehensive income for the year		-	-	(661)	(26,151)	(26,812)
Transactions with owner, recorded directly in equity						
Movement arising from change in ownership		-	(989)	-	-	(989)
Movement arising from issue of shares as a result of change of ownership		-	74,778	-	-	74,778
Total transactions with owners		-	73,789	-	-	73,789
Balance at 31 December March 2022		-	74,778	(624)	(42,136)	32,018

Kigen (UK) Limited
Notes to the consolidated financial statements
For the financial year ended 31 March 2022

1 General information

Kigen (UK) Limited (the “Company”), is a company incorporated and domiciled in the United Kingdom, with a registered address as shown in the Company Information page. The Company is a private company, limited by shares. The consolidated financial information presented herein refers to Kigen (UK) Limited and its subsidiaries, collectively, “the Group”. The Group operates throughout the United Kingdom, Europe, Asia and the United States.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below:

(a) Basis of preparation and statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the United Kingdom and the Companies Act 2006. The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income.

The individual (Company) financial statements of Kigen (UK) Limited have been prepared in accordance with Financial Reporting Standard 101, ‘Reduced Disclosure Framework’ (FRS 101). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

The comparative information relating to the Group has been unaudited.

This is the first year in which the Group prepared consolidated financial information in accordance with International Reporting Standards (IFRS) as adopted by the United Kingdom. The impact of the transition has been presented in note 28. The preparation of financial statements in compliance with IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group’s accounting policies. Refer to note 4.

The financial statements are presented in United States Dollar (‘\$’), rounded to the nearest thousands, except where otherwise stated. The functional currency of the parent company is pound sterling.

Going Concern

The directors have a reasonable expectation that the company will continue in operational existence for the foreseeable future. During the year, the Company remained a subsidiary of Pelion IOT Limited which was transferred out of the Arm Group on 30 November 2021 and became a subsidiary of Softbank Group Capital Limited. Subsequently on 11 January 2022 the Company was sold by Pelion IOT Limited to SVF II EU Aggregator (DE) LLC.

The directors have obtained a letter of support from Softbank Vision Fund II-2 L.P that commits to support the Company’s operating cash needs and meet its debts as they fall due for the twelve month period following approval of these financial statements.

The forward looking going concern considerations are not materially impacted by the COVID-19 pandemic, the Ukraine conflict or the cost of living crisis.

Kigen (UK) Limited
Notes to the consolidated financial statements
For the financial year ended 31 March 2022

(b) Exemptions for qualifying entities under FRS 101 and the Companies Act 2006

FRS 101 and the Companies Act 2006 allowed a qualifying entity certain disclosure exemptions in its individual financial statements:

- a statement of cashflows and related notes;
- disclosures in respect of transactions with wholly owned subsidiaries;
- disclosures in respect of capital management;
- the effects of new but not yet effective IFRSs;
- disclosures in respect of key management compensation; and
- certain disclosures required by IFRS 13 *Fair value measurement* and the disclosures required by IFRS 7 *Financial instruments disclosures*.

(c) New or revised Standards or Interpretations

The Group applied for the first time certain standards, which are effective for annual periods beginning on or after 1 January 2021. The nature and the impact of each amendment is described below:

COVID-19-related rent concessions beyond 30 June 2021 (Amendments to IFRS 16)

The Group has adopted the amendment included in *Amendments to IFRS 16* for the first time in the current year. The amendment added a practical expedient to the Standard which provides relief for lessees in assessing whether specific COVID-19 rent concessions are considered to be lease modifications. Instead, if this practical expedient is applied, these rent concessions are treated as if they are not lease modifications.

The IASB decided to extend this relief for one year to provide relief for recent concessions in relation to COVID-19 that reduce payments up until 30 June 2022.

This amendment does not have a significant impact on the disclosures, or on the amounts reported in the financial statements.

Interest Rate Benchmark Reform Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

The Group has adopted the amendments for the first time in the current year. The amendments can be summarized as follows:

Kigen (UK) Limited
Notes to the consolidated financial statements (continued)
For the financial year ended 31 March 2022

2 Accounting policies (continued)

Changes to contractual cash flows

The IASB have added a practical expedient that will mean entities will not need to derecognise the carrying amount of financial assets or financial liabilities for changes required by the reform. Instead reporting entities are required to account for the modification by updating the effective interest rate to reflect the change to the alternative benchmark rate.

Hedge accounting requirements

If hedging still meets other hedge accounting requirements, entities will not need to discontinue hedge accounting purely because of changes as a result of the reform. Hedging documentation and relationships should be updated to reflect modifications to the hedge item, and entities can continue hedge accounting if the new hedging relationship meets all the criteria.

Disclosures

Reporting entities will be required to make additional disclosures about new risks arising from the IBOR reform and how they manage those risks. There are also disclosure requirements for transitioning from IBORs to alternative benchmark rates.

This amendment does not have a significant impact on the disclosures, or on the amounts reported in the financial statements.

At the date of authorisation of these financial statements, new standards and amendments to existing standards have been published by the IASB that are not yet effective and either not yet adopted by EU or already adopted by EU. These are listed below:

New or revised Standards or Interpretations that are not yet effective and not yet adopted by EU

Standard/interpretation	Effective date
<i>Amendments to IFRS 17 and IFRS 9 – Comparative Information</i>	<i>1 January 2023</i>
<i>Amendments to IAS 1 – Classification of Liabilities as Current or Non-current</i>	<i>1 January 2023</i>
<i>Deferred Tax related to Assets and Liabilities from a Single Transaction</i>	<i>1 January 2023</i>

New or revised Standards or Interpretations that are not yet effective and but adopted by EU

Standard/interpretation	Effective date
<i>References to the Conceptual Framework</i>	<i>1 January 2022</i>
<i>Amendments to IAS 16 – Property, Plant, and Equipment – Proceeds before Intended Use</i>	<i>1 January 2022</i>
<i>Amendments to IAS 37 – Onerous Contracts – Cost of Fulfilling a Contract</i>	<i>1 January 2022</i>
<i>Amendments to IFRS 1, IFRS 9, IFRS 16, and IAS 41 – Annual improvements to IFRS Standards 2018 – 2020 Cycle</i>	<i>1 January 2022</i>
<i>IFRS 17 - Insurance Contracts</i>	<i>1 January 2023</i>

Kigen (UK) Limited
Notes to the consolidated financial statements (continued)
For the financial year ended 31 March 2022

2 Accounting policies (continued)

(d) Basis of consolidation

Subsidiaries are entities controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are fully consolidated from the date that control commences until the date that control ceases. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. Intra-group balances and any unrealised gains or losses or income or expenses arising from intra-group transactions are eliminated in preparing the Group financial statements. The financial year end for the Company and the Group is 31 March.

(e) Foreign currency transactions

Functional and reporting currency

The Group's consolidated financial statements are presented in U.S. dollar. The functional currency of the Company is pound sterling. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances

Transactions in currencies other than the functional currency of the Group entities are recorded at the exchange rates prevailing at the dates the related transactions first qualify for recognition. Foreign exchange gains and losses resulting from the settlement of such transactions, as well as from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the statement of comprehensive loss. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are translated to the respective functional currencies of the Group entities at the rates prevailing on the relevant balance sheet date. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

Kigen (UK) Limited
Notes to the consolidated financial statements (continued)
For the financial year ended 31 March 2022

2 Accounting policies (continued)

(d) Foreign currency transactions (continued)

Foreign operations

On consolidation, the assets and liabilities of foreign operations are translated into U.S. dollar at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at the average exchange rates during the year. The exchange differences arising on translation for consolidation are recognised in other comprehensive income (OCI). On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

(e) Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(f) Revenue recognition

Revenue is attributable to the Group's principal activity of development, manufacturing, selling and distribution of pharmaceutical products.

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

Kigen (UK) Limited
Notes to the consolidated financial statements (continued)
For the financial year ended 31 March 2022

2 Accounting policies (continued)

(f) Revenue recognition (continued)

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods to its customers.

The Group enters into transactions involving the sale of its products. Revenue is recognised upon delivery of the performance obligation as defined in the customer contract. The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as deferred revenue in the statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

OS Licenses

The performance obligation for this revenue stream is deemed to be at a point in time, when the contractual deliverable has been received by the customer which is a single performance obligation. When the deliverable is provided to the customer, the risk and rewards have transferred. The transaction price is allocated to the service provided based on the relative stand-alone selling price. The transaction price is net of amounts collected on behalf of third parties.

Hardware sales

The performance obligation for this revenue stream is deemed to be at a point in time, when the product has been received by the customer which is a single performance obligation. When the product is provided to the customer, the risk and rewards have transferred. The transaction price is allocated to the service provided based on the relative stand-alone selling price. The transaction price is net of amounts collected on behalf of third parties.

Consultancy and support services

The performance obligation for this revenue stream is deemed to be at a point in time, when the service has been received by the customer which is a single performance obligation. When the product is provided to the customer, the risk and rewards have transferred. The customer can not benefit from the services until they have been delivered in entirety. The transaction price is allocated to the service provided based on the relative stand-alone selling price. The transaction price is net of amounts collected on behalf of third parties.

Kigen (UK) Limited
Notes to the consolidated financial statements (continued)
For the financial year ended 31 March 2022

(g) Property, plant and equipment

Property, plant and equipment are initially recognised at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the Group's management.

Property, plant and equipment is carried at historical cost less accumulated depreciation and impairment losses. All other repair and maintenance costs are charged to the statement of comprehensive loss as incurred.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

Depreciation is calculated using the straight-line method to allocate the cost of property, plant and equipment less estimated residual values over their estimated useful lives as follows:

Plant and machinery	5 years
Furniture and fittings	3-10 years
Leasehold improvements	Depreciated over the lease term or the estimated useful life of the related asset whichever is shorter.

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted prospectively, if appropriate.

Kigen (UK) Limited
Notes to the consolidated financial statements (continued)
For the financial year ended 31 March 2022

(h) Inventories

Inventories are valued at the lower of cost or net realizable value. Kigen uses actual cost to value its inventory which is made up of raw materials. The Group accounts for the inventory using the first-in, first-out (“FIFO”) method. An inventory valuation adjustment is made if the net realizable value is lower than the book value. Net realizable value is determined as estimated selling prices less all costs of completion and costs incurred in selling and distribution.

(i) Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs, if any.

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- Amortised cost
- Fair value through profit or loss (FVTPL)
- Fair value through other comprehensive income (FVOCI)

The Group does not have any financial assets categorised as FVTPL and FVOCI as at 31 March 2022 and 2021.

The classification is determined by both:

- The Group’s business model for managing the financial asset
- The contractual cash flow characteristic of the financial asset

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Kigen (UK) Limited
Notes to the consolidated financial statements (continued)
For the financial year ended 31 March 2022

(i) Financial instruments (continued)

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents and trade receivables fall into this category of financial instruments.

Interest income

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR) method. The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in the statement of comprehensive loss.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables and Contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group assesses ECL based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Classification and initial measurement of financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables and accrued expenses, interest bearing loans and borrowings, preferred shares and long term accrued expenses.

Classification and subsequent measurement of financial liabilities

Financial liabilities are measured subsequently at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance expense or finance income.

Kigen (UK) Limited
Notes to the consolidated financial statements (continued)
For the financial year ended 31 March 2022

2 Accounting policies (continued)

(i) Financial instruments (continued)

Payables

This category pertains to financial liabilities that are not held for trading or not designated as at FVTPL upon the inception of the liability. These include liabilities arising from operations (e.g., accounts payable, accrued liabilities). Payables are recognized initially at fair value and are subsequently carried at amortized cost.

This accounting policy applies to the Group's trade and other payables excluding statutory liabilities (see note 20).

Loans and borrowings

After initial recognition, loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to the Group's interest-bearing loans and borrowings (see note 19).

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

(j) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset (goodwill, property plant and equipment, investments in subsidiaries, intangible assets and right-of-use-assets) may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit "CGU's" fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. For assets where an impairment loss subsequently reverses, the carrying amount of the asset (CGU) 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 (CGU) in prior years. A reversal of an impairment loss is recognised immediately in the statement of comprehensive loss.

Kigen (UK) Limited
Notes to the consolidated financial statements (continued)
For the financial year ended 31 March 2022

2 Accounting policies (continued)

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits (with less than 3 months maturity) and are subject to an insignificant risk of change in value. Cash or cash equivalents that are restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period are included as part of non-current assets.

(l) Equity instruments

Equity instruments issued by the Group are recorded at the proceeds received net of directly attributable issue costs. Equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Ordinary shares

Ordinary shares are classified as equity.

Business combinations

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed when incurred.

Common control transactions

Transactions under common control are transactions under which all the combining entities or businesses are ultimately controlled by the same party, both before and after the transaction, and that control is not transitory. The Group has adopted the pre-decessor book value accounting for common control transactions involving acquired businesses. The Group's application of predecessor book value accounting requires the acquiring entities financial statements to be prepared using predecessor carrying values from the highest level of consolidation as at the date of the transaction. No adjustments are made to reflect fair values and the comparative periods prior to the transaction date are not restated, such that the transferred businesses results and carrying amounts of assets and liabilities are reported prospectively from the date of the acquisition. Acquisition costs are expensed when incurred.

(m) Finance costs and income

Finance costs and income are recognized using the effective interest rate method. Finance costs consist of interest expenses incurred on loans and leases. Finance income is derived from interest on funds invested. The foreign exchange gains and losses arising on the retranslation of foreign currency balances are also included within finance costs and income.

Kigen (UK) Limited
Notes to the consolidated financial statements (continued)
For the financial year ended 31 March 2022

2 Accounting policies (continued)

(n) Research and development

Research expenditure is undertaken with the prospect of gaining new scientific or technical knowledge and understanding. This expenditure mainly comprises of cost of materials, direct labour and overheads. The Group considers uncertainties inherent in the development of its products in the first stages of development, preclude it from capitalising development costs. Accordingly, all of the Group's costs related to research and development are recognised as expenses in the statement of comprehensive loss when incurred.

(o) Leases

A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group.
- the Group has the right to obtain substantially all the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.
- the Group has the right to direct the use of the identified asset throughout the period of use. The Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist. At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Kigen (UK) Limited
Notes to the consolidated financial statements (continued)
For the financial year ended 31 March 2022

2 Accounting policies (continued)

(o) Leases (continued)

Measurement and recognition of leases as a lessee (continued)

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets and lease liabilities have been separately presented.

The Group has benefitted from the use of hindsight for determining the lease term when considering to extend and terminate leases.

(p) Taxation

Tax expense comprises recognized in profit or loss comprises the sum of current and deferred tax not recognized in other comprehensive income or directly in equity.

Current tax is the expected tax payable or receivable on the taxable result for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable or receivable in respect of the previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; and
- temporary differences related to subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates at which the temporary differences are expected to reverse, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset where the entity has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxation authority. Deferred tax assets are recognised to the extent that it is probable that there will be taxable profits in the foreseeable future against which they can be utilised.

Kigen (UK) Limited
Notes to the consolidated financial statements (continued)
For the financial year ended 31 March 2022

2 Accounting policies (continued)

(q) Provisions and contingencies

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

A present obligation arises from the presence of legal or constructive commitment that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted to their present values, where the time value of money is material. All provisions are reviewed at each statement of financial position date and are adjusted to reflect the current best estimate.

Any reimbursement that the Group is virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

(r) Segment information

The Group operates in one operating segment. The Group's chief operating decision maker (the "CODM"), its Chief Executive Officer together with the leadership senior management team, manages the Group's operations on an integrated basis for the purposes of allocating resources.

(s) Intangible assets

Acquired intangibles are capitalised on the basis of the costs incurred to acquire and bring the specific asset into use. These costs are measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is calculated using the straight-line method over their estimated useful lives as follows:

Software	3 years
----------	---------

An intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income.

Kigen (UK) Limited

Notes to the consolidated financial statements (continued)

For the financial year ended 31 March 2022

2 Accounting policies (continued)

(s) Intangible assets (continued)

Amortisation has been included within other operating expenses in the statement of comprehensive loss. The company follows the same impairment policy with property, plant and equipment.

3 Critical accounting estimates and judgments

The preparation of the financial information in conformity with IFRS requires management to make judgments, estimates and assumptions. Estimates are reviewed on an ongoing basis. Estimates and judgments are based on historical experience and on other factors that are reasonable under current circumstances. Actual results may differ from these estimates if these assumptions prove to be incorrect or if conditions develop other than as assumed for the purposes of such estimates. There were no significant judgements in applying the accounting policies. The following are the critical areas requiring estimates:

Going concern

As described in the basis of preparation and going concern in note 2(a) above, the validity of the going concern assumption is dependent on the ability of the Group to obtain additional funding from external sources and/or from its sole investor. Without such funding, the Group's existing capital resources are not sufficient to fund operating cash needs for a period of at least 12 months from the date of the approval of these financial statements. After making enquiries and considering the matters referred to in note 2(a), the Directors have a reasonable expectation that the Group and the Company will receive the funds necessary to continue its operations for a period of at least 12 months from the date of approval of the financial statements. For these reasons, the Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Estimating useful life of depreciable assets

The annual depreciation charge depends primarily on the estimated lives of each type of asset. The Directors annually review these asset lives and adjust them as necessary to reflect current thinking of remaining useful lives in light of technological change, prospective economic utilisation and physical condition of the assets concerned. Changes in asset lives can have significant impact on depreciation charges for the period.

Estimating the incremental borrowing rate on lease liabilities

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Kigen (UK) Limited
Notes to the consolidated financial statements (continued)
For the financial year ended 31 March 2022

4 Revenue

The Group's revenue primarily arises from the principal activities of the company, which have been detailed below.

Revenue by major product/service line

	2022	Unaudited 2021
Thousands of dollars	\$000	\$000
OS License and other license subscription	8,343	3,568
Hardware	142	21
Consultancy and support services	1,022	186
	<u>9,507</u>	<u>3,775</u>

\$3.79m of total revenues has been generated from the three largest customers, which represents 40% of total revenue in the current year. There was no customer who generated 10% or revenue in the previous year.

Revenue by geographical location

	2022	Unaudited 2021
Thousands of dollars	\$000	\$000
EMEA	7,062	3,515
Asia and Rest of World	2,445	140
United States	-	120
	<u>9,507</u>	<u>3,775</u>

All revenues stated above have been recognised at a point in time.

As of 31 March 2022, the Group has deferred revenue amounting to \$176,000 (2021: \$43,000) in relation to upfront payments with respect to the sale of Group's products and services pertaining to revenue that was un-delivered.

As at 31 March 2022, the group has accrued revenue amounting to \$1,398,000 (2021: \$328,000) in relation to revenue recognised and delivered but not yet invoiced with respect to the sale of the Group's products and services.

Kigen (UK) Limited
Notes to the consolidated financial statements (continued)
For the financial year ended 31 March 2022

5 Research and development expenses

Thousands of dollars	2022	Unaudited
	\$000	2021
		\$000
External research and development expenditure	<u>110</u>	307
Employee compensation	<u>3,603</u>	1,920
	<u>3,713</u>	<u>2,227</u>

Research and development expenses mainly comprises of services from third party providers and some costs related to materials, labor and direct overheads associated with the various research programs pertaining to exploration activities undertaken by the group.

6 General and administrative expenses

Thousands of dollars	2022	Unaudited
	\$000	2021
		\$000
Employee compensation		
- Wages and salaries cost	17,608	9,402
- Social security costs	1,637	1,283
- Pension costs	1,314	645
- Other benefits		
Legal and professional	1,295	244
Loss/(gain) on foreign exchange	485	(52)
Advertising costs	655	246
Depreciation	768	395
Amortisation	81	67
Right-of-use asset depreciation	669	-
Fees paid to the parent Company's auditors in respect of the audit of financial statements	57	52
Fees paid to the parent Company's auditors in respect of other services	25	16
Others	5,394	6,119

Others pertains mainly to D&O insurance cost, recruitment costs, utilities, rent and other day-to-day general operating costs incurred for both years.

Kigen (UK) Limited
Notes to the consolidated financial statements (continued)
For the financial year ended 31 March 2022

7 Finance expense-net

	2022	Unaudited 2021
Thousands of dollars	\$000	\$000
Interest expense	27	5
Interest expense on lease liabilities (note 19)	62	-
Interest income	(132)	-
	<u>(43)</u>	<u>5</u>

8 Staff numbers and costs

The average number of persons employed by the Group (including directors) during the year, analysed by category, was as follows:

<u>Number</u>	2022	Unaudited 2021
Management and administration	12	8
Research and development	95	119
Sales and Marketing	28	4
	<u>135</u>	<u>131</u>

Staff costs comprise the following:

	2022	Unaudited 2021
	\$000	\$000
Wages and salaries	17,608	9,402
Social security costs	1,637	1,283
Pension costs	1,314	645
	<u>20,559</u>	<u>11,330</u>

Pension cost included as part of accruals as at year-end for the group amounted to \$176,000 (2021: \$113,000).

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

<u>Number</u>	2022	Unaudited 2021
Management and administration	10	7
Research and development	59	77
Sales and Marketing	17	-
	<u>86</u>	<u>84</u>

Pension cost included as part of accruals as at year end for the company amounted to \$176,000 (2021: \$113,000).

Kigen (UK) Limited**Notes to the consolidated financial statements (continued)**

For the financial year ended 31 March 2022

9 Directors' emoluments and key management compensation

Thousands of dollars	2021 \$000	Unaudited 2020 \$000
Emoluments in respect of qualifying services	2,524	500
Pension	246	62
Healthcare and other	25	12
	<u>2,795</u>	<u>574</u>

The highest paid individual received emoluments totalling \$1,000,000 (2021: \$165,000).

10 Income tax

Thousands of dollars	2021 \$000	Unaudited 2021 \$000
Current year taxation		
Current income tax – foreign tax	106	156
Adjustment in respect of previous year	(51)	
Deferred tax expense	-	-
	<u>55</u>	<u>156</u>
Reconciliation of effective tax rate		
Loss before tax	<u>25,907</u>	<u>15,633</u>
Tax using the corporation tax rate of 19% (2020:19%)	(4,922)	(2,970)
Effect of different tax rates of subsidiaries operating in foreign jurisdictions	7	37
Adjustment in respect of previous period	(51)	
RDEC	(925)	
Non-deductible expenses	469	
Movement in deferred tax asset not recognised	<u>5,477</u>	<u>2,984</u>
	<u>55</u>	<u>156</u>

Unrecognised deferred tax asset

The unrecognised deferred income tax asset of \$5.4 million arises on losses carried forward from operations in the United Kingdom and the United States (2021: \$3.0million). Losses arising on operations in these jurisdictions can be carried forward indefinitely but are limited to the same trades. Management does not consider realisation of these deferred tax balances to be probable in the near future and accordingly the deferred tax asset has not been recognised in the financial statements.

Kigen (UK) Limited
Notes to the consolidated financial statements (continued)
For the financial year ended 31 March 2022

11 Property, plant and equipment

<u>Group</u>	Leasehold improvements \$000	IT Hardware \$000	Furniture & fittings \$000	Total \$000
Thousands of dollars				
Cost				
At 31 July 2020	-	-	-	-
Additions as restated (refer note 29)*	1,621	761	630	3,012
Foreign exchange	96	60	35	191
At 31 March 2021 as restated (refer note 29)*	1,717	821	665	3,203
Additions	469	58	16	543
Transfers between classes	-	(373)	373	-
Foreign exchange	(89)	(47)	(27)	(163)
At 31 March 2022	2,097	1,205	280	3,583
Accumulated depreciation				
At 31 July 2020	-	-	-	-
Charge for the financial year as restated (refer note 29)*	190	122	83	395
Foreign exchange	-	-	-	-
At 31 March 2021 as restated (refer note 29)*	190	122	83	395
Charge for the financial year	383	329	56	768
Foreign exchange	(13)	(9)	(3)	(25)
At 31 March 2022	560	442	136	1,138
Net book value				
At 31 March 2022	1,536	763	146	2,445
At 31 March 2021 as restated*	1,526	699	582	2,807

* unaudited.

Kigen (UK) Limited
Notes to the consolidated financial statements (continued)
For the financial year ended 31 March 2022

11 Property, plant and equipment (continued)

<u>Company</u>	Leasehold improvements \$000	IT Hardware \$000	Furniture & fittings \$000	Total \$000
Thousands of dollars				
Cost				
At 31 July 2020 *	-	-	-	-
Additions as restated (refer note 29)*	1,621	761	414	2,796
Foreign exchange	43	11	-	54
At 31 March 2021 as restated (refer to note 29)*	1,664	772	414	2,850
Additions	473	22	-	495
Transfers between classes	-	(369)	369	-
Foreign exchange	(90)	(41)	(19)	(150)
At 31 March 2022	2,047	384	764	3,195
Accumulated depreciation				
At 31 July 2020 *	-	-	-	-
Charge for the financial year as restated (refer note 29)*	176	105	3	284
Foreign exchange	-	-	-	-
At 31 March 2021 as restated (refer note 29)*	176	105	3	284
Charge for the financial year	377	5	312	694
Transfer between classes	-	-	-	-
Foreign exchange	(16)	(11)	-	(27)
At 31 March 2022	537	99	315	951
Net book value				
At 31 March 2022	1,510	285	449	2,244
At 31 March 2021 as restated*	1,488	667	411	2,566

*unaudited

Kigen (UK) Limited
Notes to the consolidated financial statements (continued)
For the financial year ended 31 March 2022

12 Intangible assets

<u>Group</u>	Software \$000s	Goodwill \$000s	Total \$000s
Thousands of dollars			
Cost			
At 31 July 2020 *	-	-	-
Additions as restated (refer to note 29)	218	423	641
At 31 March 2021 as restated (refer note 29)*	218	423	641
Additions	11	-	11
At 31 March 2022	229	423	652
Accumulated amortisation			
At 31 July 2020*	-	-	-
Charge for the financial year as restated (refer to note 29)	67	-	67
At 31 March as restated (refer note 29)*	67	-	67
Charge for the financial year	61	20	81
At 31 March 2022	128	20	148
Net book value			
At 31 March 2022	101	403	504
At 31 March 2021 as restated*	151	423	574

*unaudited

<u>Company</u>	Software \$000s
Thousands of dollars	
Cost	
At 31 July 2020*	-
Additions as restated (refer to note 29)*	218
At 31 March 2021 as restated (refer note 29)*	218
Additions	11
At 31 March 2022	229
Accumulated amortisation	
At 31 July 2020*	-
Charge for the financial year (refer to note 29)*	67
At 31 March 2021 as restated (refer note 29)*	67
Charge for the financial year	60
At 31 March 2022	127
Net book value	
At 31 March 2022	102
At 31 March 2021 as restated*	151

Kigen (UK) Limited
Notes to the consolidated financial statements (continued)
For the financial year ended 31 March 2022

13 Investments

Company

Subsidiaries - Cost or Valuation

	\$000
Thousands of dollars	
Cost or valuation	
As at 1 April 2021	15
Additions	3,219
Disposals	-
Accumulated impairment	-
Carrying amount as at 31 March 2022	3,230
Carrying amount as at 31 March 2021	<u>15</u>

The company had direct investments in the following subsidiary undertakings as at 31 March 2022:

Name of subsidiary	Address of Reg. Office	Nature of business	Ownership of issued shares
Kigen India (private) Limited	C/o iKeva, Level 8, Umiya Business Bay Tower 1, Cessna Business Park, Marathahalli-Sarjapur Outer Ring Road Bangalore – 560 037	Development of IOT Technology	100%
Kigen (France) SAS	940 Route Des Dolines, C/o Sundesk Sophia-Antipolis, 06560, Valbonne	Development of IOT Technology	100%
Kigen KK	Shinyokohama Square Building, 17 th Floor, 3-12 Shinyokohama 2-chome, Kohoku-ki, Yokohama-shi Japan	Development of IOT Technology	100%
Kigen Denmark	Ragnagade 7, 2100 København Ø, Danmark	Service Provider	100%
Kigen South Africa	Liesbeek House, Ground Floor, Gloucester Road, River Park, Mowbray, Cape Town, 7700, South Africa	Service Provider	100%
Kigen LLC	1209 Orange Street, Wilmington, New Castle County, DE 19801.	Corporation Trust Company	100%

All shares held in subsidiaries are Ordinary shares.

Kigen (UK) Limited
Notes to the consolidated financial statements (continued)
For the financial year ended 31 March 2022

14 Inventories

Group

	2022	Unaudited 2021
Thousands of dollars	\$000	\$000
Raw materials	521	5
	<u>521</u>	<u>5</u>

The net realizable value of inventory does not differ materially from its carrying value. The carrying value of inventory is net of an impairment provision amounting to \$NIL (2021: \$NIL million).

Company

	2022	Unaudited 2021
Thousands of dollars	\$000	\$000
Raw materials	521	5
	<u>521</u>	<u>5</u>

The net realizable value of inventory does not differ materially from its carrying value.

The carrying value of inventory is net of an impairment provision amounting to \$NIL (2021: \$NIL million).

15 Trade and other receivables

Group

	2022	Unaudited 2021
Thousands of dollars	\$000	\$000
Current		
Trade receivables	1,899	667
Contract assets- third party customers	399	328
Prepayments and other debtors	7,084	928
Research and development credit receivable	792	226
Sales tax receivable	74	731
Non-current		
Contract assets – third party customers	719	-
Contract assets – ultimate parent undertaking	280	-
	<u>11,247</u>	<u>2,880</u>

The impairment provision for trade and other receivables is \$66,000 at 31 March 2022 (2021: \$183,000).

Kigen (UK) Limited

Notes to the consolidated financial statements (continued)

For the financial year ended 31 March 2022

15 Trade and other receivables (continued)

Default rate percentage

<i>Terms of debts</i>	<i>Default %</i>
Up to 30 days	1.57%
31-60 days	1.64%
61- 90 days	2.58%
91-180 days	4.52%
180 days +	8.61%

Contract assets and other receivables are considered to have a low level of credit risk and the loss allowance recognised during the year was therefore limited to 12 months expected credit losses and the lifetime ECL. The aged profile of trade receivables and contract assets are as follows:

Thousands dollars	Total \$000	0-30 days \$000	31-60 days \$000	61-90 days \$000	>90 days \$000
2022	1,965	876	567	40	482
2021(unaudited)	667	174	242	17	234

The Group's contracts with customers are typically less than one year in duration and any contract assets as at the balance sheet date would be expected to be invoiced and received in the following year.

The following table shows the movement in contract assets

	2022	Unaudited 2021
Thousands of dollars	\$000	\$000
Contract assets at the beginning of the year	328	-
Revenue recognised in prior year that was invoiced in the current year	(328)	-
Amounts recognised in revenue in the current year that will be invoiced in future years	1,398	328
Balance at the end of the year	1,398	328

Trade and other receivables denominated in functional current as at 31 March 2022 has been disclosed in the table below:

	2022	Unaudited 2021
Thousands of dollars	\$000	\$000
UK pound sterling	35	12
Euro	16	6
US dollar	1,440	506
Japanese Yen	407	143

Prepayments consist of expenses relating to costs for insurance, rental deposits, and others costs which have been paid in advance by the Group. The maximum exposure to credit risk is the carrying value of each class of receivable. The Group does not hold any collateral as security.

Kigen (UK) Limited
Notes to the consolidated financial statements (continued)
For the financial year ended 31 March 2022

15 Trade and other receivables (continued)

<u>Company</u>	2022	2021
Thousands of dollars	\$000	\$000
Current		
Trade receivables	1,492	667
Prepayments and other debtors	7,000	857
Contract assets- third party customers	399	328
Research and Development credit receivable	792	226
VAT receivable	124	683
Amounts owed by subsidiary undertaking	-	233
Non-current		
Contract assets- third party customers	719	-
Contract assets – ultimate parent undertaking	280	-
	<u>10,806</u>	<u>2,994</u>

The impairment provision for trade and other receivables is \$66,000 at 31 December 2021 (2021: \$183,000). The amounts owed by subsidiary undertaking are all trade related, bear no interest and are repayable on demand. The defaults rates used for the ECL are consistent with those used for the Group as disclosed above.

16 Cash and cash equivalents

<u>Group</u>	2022	Unaudited 2021
Thousands of dollars	\$000	\$000
Cash on hand and in banks	<u>32,991</u>	<u>2,302</u>

Cash in banks earn interest at the respective bank deposit rates. Interest income from cash amounted to \$132,000 for the year ended 31 March 2022 (2021: \$NIL).

A summary of cash denominated by currency has been provided below:

<u>Thousands of dollars</u>	2022	Unaudited 2021
	\$000	\$000
US Dollar	USD 30,344	USD 452
Pound Sterling	GBP £19	GBP 11
Euro	EUR 585	EUR 277
South African Rand	ZAR 5,010	ZAR 1,162
Indian Rupee	INR 14,681	INR 15,572
Japan Yen	JPY 77,087	JPY 124
Danish Krone	DKR 5,339	DKR 6,702

The Group has no restricted cash.

Kigen (UK) Limited
Notes to the consolidated financial statements (continued)
For the financial year ended 31 March 2022

16 Cash and cash equivalents (continued)

Company

Thousands of Dollars	2022 \$000	2021 \$000
Cash on hand and in banks	30,561	806

A summary of cash denominated by currency has been provided below:

Company

Thousands of dollars	2022 \$000	2021 \$000
US Dollar	USD 29,932	USD 543
Pound Sterling	GBP 102	GBP 15
Euro	EUR 103	EUR 389

The Company has no restricted cash.

17 Equity

Group	2022 \$	Unaudited 2021 \$
Allocated, called up and fully paid Ordinary shares at \$0.01 nominal value	2	1

Ordinary shares

All Ordinary shares rank pari-passu in all respects including voting rights, and the right to receive all dividends and other distributions, if any, declared or made or paid in respect of Ordinary Shares.

Share premium

Share premium reserve includes all premiums received on issuing share capital.

Foreign currency reserve

Currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations during the year.

Kigen (UK) Limited
Notes to the consolidated financial statements (continued)
For the financial year ended 31 March 2022

17 Equity (continued)

Other reserves

Other reserves include a group reorganisation reserve.

Accumulated deficit

This includes all current and prior period accumulated losses of the Group.

Company

	2022	Unaudited 2021
	\$	\$
Company		
Allocated, called up and fully paid		
Ordinary shares at \$0.01 nominal value*	2	1

Ordinary shares

All Ordinary shares rank pari-passu in all respects including voting rights, and the right to receive all dividends and other distributions, if any, declared or made or paid in respect of Ordinary Shares.

Share premium

Share premium reserve includes all premiums received on issuing share capital.

Foreign currency reserve

Currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations during the year.

Accumulated deficit

This includes all current and prior period accumulated losses of the Company.

Kigen (UK) Limited
Notes to the consolidated financial statements (continued)
For the financial year ended 31 March 2022

18 Trade payables and accrued expenses

<u>Group</u>	2022	Unaudited 2020
Thousands of dollars	\$000	\$000
Trade payables	7,019	14,829
Accrued expenses	6,447	7,305
Other creditors	458	228
Other Tax and Social Security	115	241
	<u>14,039</u>	<u>22,603</u>

Trade payables and accrued expenses bear no interest and are payable on demand. Included within Accrued expenses are \$274,000 (2020 \$Nil) relating to amounts payable greater than one year.

Contract liabilities of \$176,000 (2021: \$2,000) arise in respect of amounts invoiced during the year for which revenue recognition criteria have not been met by the year-end. The Group's contracts with customers are typically less than one year in duration and any contract liabilities, which would be expected to be recognised as revenue in the following year.

<u>Group</u>	2022	Unaudited 2021
Thousands of dollars	\$000	\$000
Contract liabilities at the beginning of the year	2	-
Revenue recognised in prior year that was invoiced in the current year	(2)	-
Amounts recognised in revenue in the current year that will be invoiced in future years	176	2
Balance at the end of the year	176	2

<u>Company</u>	2022	Unaudited 2021
Thousands of dollars	\$000	\$000
Accounts payable	6,766	-
Accrued expenses	4,237	4,664
Other Tax and Social Security	114	239
Other creditors	290	114
Amounts owed to parent undertaking	3,792	16,441
	<u>15,199</u>	<u>21,458</u>

Trade payables and accrued expenses bear no interest and are payable on demand. Contract liabilities of \$176,000 (2021: \$NIL) arise in respect of amounts invoiced during the year for which revenue recognition criteria have not been met by the year-end. The Group's contracts with customers are typically less than one year in duration and any contract liabilities which would be expected to be recognised as revenue in the following year.

Kigen (UK) Limited
Notes to the consolidated financial statements (continued)
For the financial year ended 31 March 2022

18 Trade payables and accrued expenses (continued)

The following table shows the movement in contract liabilities:

<u>Company</u>	2022	Unaudited
Thousands of dollars	\$000s	2021
		\$000s
Contract liabilities at the beginning of the year	2	-
Revenue recognised in prior year that was invoiced in the current year	(2)	-
Amounts recognised in revenue in the current year that will be invoiced in future years	176	2
Balance at the end of the year	176	2

The Group and Company's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 22.

The accrued expenses mainly consist of costs related to salaries, professional fees and other operational related expenses. Included within Accrued expenses are \$274,000 (2020 \$Nil) relating to amounts payable greater than one year.

19 Leases

a) Lease asset

The Group has entered into various leases for its office and IT related equipment.

Group and the company

	Leasehold	Computer Equipment	Total
	\$	\$	\$
Cost			
At 31 July and 31 March 2021	-	-	-
Additions	2,518	310	2,828
Foreign exchange	(26)	(3)	(29)
At 31 March 2022	2,492	307	2,799
Accumulated depreciation			
At 31 July and 31 March 2021	-	-	-
Amortisation charge	540	129	669
Foreign exchange	(5)	(1)	(6)
At 31 March 2022	535	128	663
Net book value			
At 31 March 2022	1,957	179	2,136
At 31 March 2021	-	-	-

Kigen (UK) Limited
Notes to the consolidated financial statements (continued)
For the financial year ended 31 March 2022

19 Leases (continued)

b) Lease liabilities

Lease liabilities are presented in the statement of financial position as follows:

	2021	2020
	\$	\$
Current lease liabilities	(281)	-
Non-current lease liabilities	(1,850)	-
	<u>(2,131)</u>	<u>-</u>

The changes in the Group's liability arising from financing activity relating to lease liabilities is as follows:

	2021	2020
	\$	\$
Thousands of Dollars		
Balance as at 1 January 2021	-	-
Additions	2,828	-
Accretion of interest	62	-
Payments	(728)	-
Foreign exchange movements	(31)	-
	<u>2,131</u>	<u>-</u>

Minimum Lease Payment

	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	After 5 years	Total
Thousands of Dollars	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2022							
Lease payment	413	362	291	291	291	686	2,334
Finance charge	(51)	(44)	(37)	(29)	(22)	(21)	(203)
Net Present Value	<u>362</u>	<u>318</u>	<u>255</u>	<u>261</u>	<u>269</u>	<u>665</u>	<u>2,131</u>

There is no variable lease payments.

The leases relate to lease over an office building, and IT equipment used in the principal activities of the business.

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Notes to the consolidated financial statements (continued)
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20 Contingencies

The Group is in the early stages of issuing legal proceedings against a competitor. Although liability is not admitted, if the action is unsuccessful, then the legal costs and future licence fees payable may be material to the Group.

21 Related party transactions

All transactions with subsidiaries have been eliminated upon consolidation. During the year, the Company remained a subsidiary of Pelion IOT Limited which was transferred out of the Arm Group on 30 November 2021 and became a subsidiary of Softbank Group Capital Limited. Subsequently on 11 January 2022 the Company was sold by Pelion IOT Limited to SVF II EU Aggregator (DE) LLC.

22 Financial instruments and risk management

The Group is exposed to various risks in relation to financial instruments including credit risk, liquidity risk and currency risk. The Group's risk management is coordinated by its managing directors. The Group does not actively engage in the trading of financial assets for speculative purposes. The most significant financial risks to which the Group is exposed are described below:

Credit risk

The Group's sales are currently concentrated with one major customer and accordingly the Group is exposed to the possibility of loss if this customer defaults. The Group is addressing this risk by monitoring its commercial relationship with this customer and by seeking to develop additional products for sale and entering into new partnerships.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

Thousands of Dollars	2021	2020
	\$	\$
Trade receivables	1,899	667
Prepayments and other debtors	7,085	928
Cash and cash equivalents	32,991	2,302
	<u>41,974</u>	<u>3,897</u>

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

Thousands of Dollars	2021	2020
	\$	\$
Euro-zone countries	16	6
Other / Rest of the world	1,883	661
	<u>1,899</u>	<u>667</u>

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22 Financial instruments and risk management (continued)

Set out below is the information about the credit risk exposure on the Group's trade receivables:

Thousands dollars	Total \$000	0-30 days \$000	31-60 days \$000	61-90 days \$000	>90 days \$000
2022	1,965	876	567	40	482
2021(unaudited)	667	174	242	17	234

Default rate percentage

<i>Terms of debts</i>	<i>Default %</i>
Up to 30 days	1.57%
31-60 days	1.64%
61- 90 days	2.58%
91-180 days	4.52%
180 days +	8.61%

The Group's financial instruments are classified as follows:

<u>Assets- measured at amortised cost</u>	Unaudited	
	2022	2021
Thousands of dollars	\$000	\$000
Trade receivables	1,899	667
Accrued income	1,398	328
Cash at bank and in hand	32,991	2,302
	36,244	3,297

<u>Liabilities- measured at amortised cost</u>	Unaudited	
	2022	2021
Thousands of dollars	\$000	\$000
		14,828
Trade payables	7,019	
Accruals	6,447	7,305
Leasehold Liability	2,131	-
	15,586	22,133

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Notes to the consolidated financial statements (continued)
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22 Financial instruments and risk management (continued)

Liquidity risk

The Group have been dependent on their shareholders to fund its operations. As described in note 2(a) to the financial statements, the Group's ability to continue as a going concern is dependent through a combination of effective working capital management and its ability to obtain funding from external sources and/or its sole investor.

The following are the contractual undiscounted maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

Currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group seeks to transact the majority of its business in its reporting currency (USD). However, many customers and suppliers are outside the US and a proportion of these transact with the company in GBP and JPY. For this reason, the Group operates current bank accounts in JPY and GBP as well as in its reporting currency. To the maximum extent possible receipts and payments in a particular currency are made through the bank account in that currency to reduce the amount of funds translated to or from the reporting currency. Cash flow projections are used to plan for those occasion when funds will need to be translated into different currencies so that exchange rate risk is minimised. If the exchange rate between sterling and the US dollar had been 10% higher/lower at the reporting date, the effect on profit would have been approximately (\$3,513,000)/(\$3,513,000) respectively (2021:(\$1,496,000)/(\$1,496,000)). If the exchange rate between USD and JPY had been 10% higher/lower at the reporting date the effect on profit would have been approximately \$30,000/(\$30,000) respectively (2021: (\$NIL)).

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Notes to the consolidated financial statements (continued)

For the financial year ended 31 March 2022

23 Capital management

The Group's capital management objectives are to ensure the Group's ability as a going concern and to provide an adequate return to shareholders by pricing products and services commensurate to the level of risk. The Group monitors capital on the basis of the carrying amount of equity plus its borrowings and warrants less cash and cash equivalents as presented on the face of the statement of financial position.

Management assesses the Group's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. 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 capital structure, the Group may issue new shares or sell assets to reduce debt.

The Group has no external borrowings at 31 March 2022 (31 March 2021: \$NIL).

The amounts managed as capital by the Group for the reporting periods are as summarized as follows:

Thousands of Dollars	2021 \$	2020 \$
Total equity	33,099	(14,098)
Cash and cash equivalents	32,991	2,302
Capital	66,090	11,796
Borrowings	-	-
Overall financing	-	-
Capital-to-overall financing ratio	-	-

No changes were made in the objectives, policies or processes in 2022 and 2021.

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24 Controlling party

The Group's immediate parent undertaking, which is incorporated in the United States is SVF II EU Aggregator) DE LLC. During the year ended 31 March 2021, the immediate parent acquired 100% of the shareholding of Kigen (UK) Limited from Pelion IoT Limited.

The ultimate parent undertaking is Softbank Corp.

SVF II EU Aggregator) DE LLC is a company registered in the United States of America with a registered office c/o Corporation Service company, 251 Little Falls Drive, Wilmington, Delaware 19808, United States of America.

Softbank Corp. is a company registered in Japan. Softbank Corp. heads the largest group of undertakings, including Kigen (UK) Limited for which these financial statements are prepared. The registered office of the ultimate parent is 1-9-1 Higashishimbashi, Toyko 105-7309 Japan.

25 Subsequent events since the year end

There have been no subsequent events since the year end.

26 Company profit and loss

As a consolidated group income statement is published, a separate income statement for the parent company is omitted from the Group financial statements by virtue of the Companies Act, 2006. The Company's loss for the financial year was \$26.2m (2021: \$16.0 million).

27 Commitments

The company have no material capital commitments at the year end (2021: \$NIL).

28 Transition to International Financial Reporting Standards (IFRS) as adopted by the United Kingdom

The Group transitioned to UK-adopted International Financial Reporting Standards during the year ended 31 March 2022. The transition date was 31 July 2020, being the incorporation date of the parent company.

The company transitioned to FRS 101 during the year ended 31 March 2022. The transition date was 31 July 2020, being the incorporation date of the parent company.

There was no material impact on the Group and Company financial statements as at 31 March 2021, or reported profits for the year then ended.

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29 Prior year re-statement

The financial statements for the period ended 31 March 2021 included an amount of \$251,000 in relation to the carrying value of tangible fixed asset (plant and machinery) which should have been reflected as an intangible fixed assets (software).

The comparative financial information has therefore been restated as follows:

- An increase in the cost of additions and amortisation of intangible fixed assets (software) of \$217,000 and \$67,000 during the year ended 31 March 2021, with a corresponding decrease in the cost of additions and depreciation of tangible fixed assets (plant and machinery); and
- An increase in the cost and accumulated amortisation of intangible fixed assets (software) of \$217,000 and \$67,000. Respectively as at 31 March 2021, with a corresponding decrease in the cost and accumulated depreciation of tangible fixed assets (plant and machinery).
- An increase in amortisation of intangible fixed assets (software) of \$67,000 during the year ended 31 March 2021, with a corresponding decrease in depreciation of tangible fixed assets (plant and machinery).

The restatement has no net impact on shareholders' funds at 31 March 2021, nor on reported losses for the year ended 31 March 2021.

30 Contingent liabilities

The Group is in the early stages of issuing legal proceedings against a competitor. Although liability is not admitted, if the action is unsuccessful, then the legal costs and future licence fees payable may be material to the Group. Legal advice indicates that it is not probable at this stage that a material liability will arise.

31 Transactions under common control

During the year ended 31 March 2021, the Parent Company acquired the share capital of two entities, through a share for share exchange, which were under common control – Kigen Denmark ApS and Kigen South Africa (Pty) Ltd. The entities acquired, were controlled by the same party as the parent company and therefore this acquisition was treated as transaction under common control and were recorded at book value. The difference between the book value of the net assets of the entities and the nominal value of the shares issued by the parent has been reflected as an "other reserve" in the Group financial statements and the comparative figures have been restated accordingly.

The shares issued by the parent company were recorded at nominal value as this transaction met the conditions for merger relief under the Companies Act 2006. The net assets of the two entities as at 31 March 2021 was \$391,000 and \$134,000 respectively.

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32 Business Combinations

During the year ended 31 March 2021, the Group acquired the trade and assets, and assumed the liabilities, of Arm France. The Group incurred \$17,000 of acquisition related costs.

Arm France paid the Group \$415,000 of consideration. The fair value of the assets and liabilities assumed are as follows:

	Book Value and Fair Value	\$
Assets and liabilities		
Trade and other payables	(838,000)	
Consideration paid	(415,000)	
Goodwill arising on acquisition		423,000

The Goodwill is attributable to the skills and technical talent of Arm France's workforce, and the synergies expected to be achieved from the integration of the business into the Group's existing business.

33 Approval of financial statements

The board of directors approved these financial statements on 24 January 2023.