

Tokamak Energy Ltd

Registration Number 07054929

Annual Report and Financial Statements For the year ended 31 December 2024



Tokamak Energy Ltd
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31 December 2024

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Tokamak Energy Ltd
Corporate directory
31 December 2024

Directors

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E I Bonino
D M Gray
W Matthews
W A East
D Freeman
R G Scott Russell
M Kleppe
A Breslin

Company secretary

C Lewis

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Tokamak Energy Ltd
Strategic report
31 December 2024

The Directors present their strategic report on the Group for the year ended 31 December 2024.

Business review and principal activities

Tokamak Energy Ltd (the "Company", "Tokamak Energy") and its subsidiaries (the "Group") is a global leader in the development of critical enabling technologies in the fields of fusion energy and high temperature superconducting (HTS) magnets. The Group specialises in the development of two core technology 'families', in which it holds market-leading proprietary technology, capabilities and intellectual property (IP) assets:

1. Designs and technologies associated with spherical tokamak fusion reactors, which offer a pathway to compact, cost-efficient, safe and clean energy production.
2. Designs and technologies associated with HTS products, which offer a pathway to improved performance and form-factors for magnet and power distribution systems across a range of energy, mobility, scientific and security applications.

Tokamak Energy considers that fusion energy can and must play a critical part of the world's transition to a sustainable energy future, providing safe, clean and abundant energy to meet humanity's growing energy needs. We recognise that many fusion concepts offer a potential pathway to fusion energy, however, over time we believe that compact spherical tokamaks with HTS confinement systems will emerge as fusion energy's dominant design for widespread deployment. Acknowledging that fusion is a capital intensive and complex nuclear engineering challenge, we consider that the first generation of fusion power plants are most likely to be delivered by Public Private Partnerships (PPPs) that draw together diverse consortia of government, industry and specialist fusion technology company embedded at the heart of the world's PPPs, providing them with proprietary device designs and enabling technologies. HTS confinement systems are the first enabling technology that Tokamak Energy will provide to the world's fusion PPPs. However, the Company's ambition for its HTS technology is broader than fusion. We believe that this is on the cusp of becoming a truly transformative technology that will ultimately be adopted at scale across energy, mobility, science, power and security industries. We plan to be the Company that seizes this opportunity and unleashes the "HTS era".

Throughout 2024, the Group has focused its business strategy around three central business lines that serve to maximise shareholder value:

1. **TE Magnetics:** As a design and make supplier of HTS technologies for integrators and original equipment manufacturers (OEMs), we create and capture opportunities for near-term revenue generation.
2. **Fusion Engineering:** As the partner of choice to government for advanced engineering, power plant design and operator training, we cultivate and capture contract award opportunities from government-led PPPs for magnetic fusion energy development, principally focused on our target markets of the United Kingdom, United States and Japan.
3. **Applied Technologies:** In-house and collaborative R&D, prototyping and technology licensing for fusion and fusion-derived technologies that present tangible revenue-generating potential from fusion or non-fusion customers.

In September 2024, at the Applied Superconductivity Conference in Salt Lake City, Utah, the Company formally launched **TE Magnetics** as a new market-facing business division. This marked a significant milestone in a year-long effort to intensify the commercialisation of the Company's proprietary HTS magnet technologies, which successfully resulted in contracts with customers for modelling, designing and prototyping of magnet systems in 2024. The Company has also cultivated a growing pipeline of commercial work to develop magnet systems.

2024 also saw Tokamak Energy enter into the assembly and instrumentation phase for its Demo4 HTS magnet facility, which consists of 44 individual HTS magnetic coils arranged in a representative ST configuration. Through 2024, Demo4's poloidal field (PF) and toroidal field (TF) coils were instrumented and installed into their enclosures, and the magnet sets were brought together with their final connections made to the system's top plate and power supply systems. The Demo4 facility was progressed to commission and research operations in Q2 2025 and is expected to

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yield valuable data and technology validation to support the industrialisation of HTS magnets for fusion confinement systems

During 2024 the Company actively pursued opportunities to position its **Fusion Engineering** business at the heart of major fusion energy PPPs in the United Kingdom (UK), United States (US) and Japan.

In the UK, Tokamak Energy has responded to the opportunity to participate in the multi-billion-pound Spherical Tokamak for Energy Production ("STEP") project, which aims to design, construct and operate the UK's first fusion energy power plant by the early 2040s.

In the U.S., in June 2024, the Company's U.S.-subsidiary (Tokamak Energy, Inc.) entered into a contract with the U.S. Department of Energy (DOE) to initiate the first (18-month) delivery phase of the Milestone Based Fusion Development Program (Milestone Program). The Milestone Program is a PPP that forms the centrepiece of DOE's "bold decadal vision for commercial fusion energy" and provides \$3,000,000 of Federal cost-share funding to Tokamak Energy, Inc to advance the design and technology-readiness of our HTS spherical tokamak fusion pilot plant (FPP) concept. An early output of the Milestone Program has been the publication of the first details of Tokamak Energy's anticipated reactor design, which were shared at the industry-leading Annual Meeting of the American Physical Society (APS) Division of Plasma Physics in Atlanta, Georgia in October 2024.

In Japan, Tokamak Energy has strengthened its presence with government and industrial stakeholders by establishing a subsidiary company, Tokamak Energy KK, based in central Tokyo (incorporated in January 2025) and appointing its first employee in March 2025. The incorporation of a Japanese subsidiary has been aided by Tokamak Energy being awarded a place on the Tokyo Metropolitan Government's ¥125million "GX Program", which provides cost-share payments and subsidies over a four-year period to support the establishment and growth of the new company. Through this strengthened presence in Japan, Tokamak Energy has successfully aligned itself with the leading candidate for fusion energy PPP in Japan – the Fusion by Advanced Superconducting Tokamak (FAST) Project.

In addition to these three target markets, throughout 2024 Tokamak Energy has undertaken business development and stakeholder engagement work in other promising fusion energy markets.

During 2024, the Company's **Applied Technologies** business line continued to undertake research and technology development in the field of fusion energy. The Company has followed up its ground-breaking work on its ST40 tokamak (exploring diverted H-mode plasmas and non-inductive current drive) by developing and testing a new laser-based dispersion interferometer system (amongst other hardware and diagnostic upgrades) that allows for greater analysis of high performance diverted plasma scenarios. 2024 also saw the Company secure agreement from the UK Department for Energy Security and Net Zero (DESNZ) and the US Department of Energy (DOE), for a first-of-a-kind transatlantic public-private partnership (known as LEAPS) to embark on a new upgrade and lithium operational programme for ST40. This

Lastly, in support of all three objectives, during 2024 Tokamak Energy closed its \$125m 'Series C' investment round, creating growth capital to accelerate the Company's efforts to advance its fusion energy technology and its newly formed TE Magnetics business division. The round saw investment in the Company by existing shareholders, as well as new investors such as Lingotto Investment Management, Furukawa Electric Company, British Business Bank and Sabanci Climate Ventures.

Results

The loss incurred for the year ended 31 December 2024 was £32,382k (31 December 2023: £31,844k). The financial position of the Group as at 31 December 2024 included total assets of £62,236k (31 December 2023: £68,789k), which included a cash balance of £41,314k (31 December 2023: £54,037k).

Principal risks and uncertainties

Funding

First commercial revenues from the TE Magnetics division were realised in 2024 and the Group's first PPP for fusion was announced in December 2024; ST40 LEAPS cost share programme with UK DESNZ and US DOE. The commercialisation of new technologies is planned to continue to grow in the coming years alongside securing additional fusion partnerships. However, in the medium term, the ability of the Group to continue its research and development (R&D) and industrialisation strategy will require further raising of substantial funds from external sources. See the 'Going Concern' section included in the Directors' report for further information.

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Liquidity

Steps are taken to manage cash funds carefully within the business, through detailed budgeting and forecasting and taking into consideration the need to fund operations, capital expenditure, commitments and working capital. The financial position of the business together with current forecasts are reviewed regularly. The Group manages liquidity risk by holding a level of cash that is sufficient to manage fluctuations in the working capital or forecasts.

Technology research & development & Tokamak operational programmes

The Group is developing ground-breaking technology and the nature of R&D is that unexpected or adverse results could arise at any stage in the technology development process, or from the Tokamak operational campaigns. Identified risks are mitigated through a series of technology projects and this is complemented with a diversification strategy to provide optionality in case any technical risks are realised. The Group continues to maintain a wide portfolio of patents to protect its intellectual property and technology innovations.

Political

The Company's go-to-market strategy for fusion energy is based on securing its position within government-backed PPPs in the UK, US and Japan. 2024 saw national elections held in each of these countries, all of which resulted in either a change of governing party (UK, US) or a change in administration (Japan). While all three countries remain publicly committed to their pursuit of fusion energy, it should be noted that changing political administrations can lead to changes in national funding priorities, which may positively or negatively impact the prospects for their respective fusion PPPs.

Key Performance Indicators (KPIs)

The nature of the Company's business is such that activities on which the KPIs are based are non-financial and are considered in respect of progress made on various projects. Progress on the ST40 and HTS magnets projects is discussed above. Whilst cash is a key focus area for management, the cash utilised during the period is consistent with expectations based on the progress made on the current projects.

Future developments

The business outlook to 2025 and beyond holds a number of promising commercial opportunities for the Company. During 2024 and 2025 the Company has captured revenues from the STEP programme through bidding for early specialist tender opportunities, in which UKAEA & UK Industrial Fusion Solutions have procured services related to magnet development. It is also expected to seek to procure industrial partners with deep specialist capability in other areas. The Company anticipates a series of contract awards for these opportunities from 2026 onwards. Secondly, the outlook for the Company's TE Magnetics division is also positive, with new contract opportunities being realised in 2025 and expected to come to fruition with 'Blue Chip' customers for various HTS magnet products, as well as in the development of magnet technology for other fusion companies. Third, the Company anticipates that it is well-placed to capture revenue for providing applied fusion training and reactor design services from an emerging partnership with a national research organisation. Finally, as the LEAPS project moves into a delivery phase in H2 of 2025, the Company anticipates that it will benefit from a positive market reaction to being the first and only private fusion company in the world to have secured a PPP with both US and UK governments, with the inferred technological credibility being seen as differentiating factor and value-add to investors, partners and potential clients.

S172 (1) Report

The Board acknowledges that there is a legal requirement for the Group to report on how the Board and its Committees have considered the requirements of s.172 (1) of the Companies Act 2006 in their decision making.

A director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members and, in doing so, have regard (amongst other matters) to the following factors:

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

The Board is ultimately responsible for the direction, management, performance and long-term sustainable success of the Group. It sets the Group's strategy and objectives, considering the interests of all its stakeholders. A good understanding of the Group's stakeholders enables the Board to factor the potential impact of strategic decisions on

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each stakeholder group into boardroom discussions. By considering the Group's purpose, vision and values together with its strategic priorities the Board aims to make sure that its decisions are fair. The Board has always, both collectively and individually, taken decisions for the long term and consistently aims to uphold the highest standards of business conduct.

Board decisions are always determined with reference to the interests of the Group's shareholders, its employees, its business relationships with suppliers and customers, and the impact of its operations on communities and the environment.

The Board regularly reviews the Group's principal stakeholders and how it engages with them. This is achieved through information provided by management and by direct engagement with stakeholders.

Investors

Aim

To communicate and secure support for our long-term strategic objectives and to promote long-term holdings and support for future fund raising.

Engagement Mechanism

The Group communicates regularly with its shareholders via a bi-monthly Shareholder Newsletter, and direct engagement from the Board and Executive team.

Achievements in period

The group has provided bi-monthly newsletters by email to all shareholders. These communications have been complimented by a number of social media and PR activities designed to provide clear communications on key decisions and achievements. The Company also held periodic CEO Update video calls open to all shareholders and held an annual Strategy Day with the Board and representatives of our largest shareholders. Through the Series C investment round the Group has secured new major strategic and institutional shareholders as well as continued support from existing investors.

Community and environment

Aim

To ensure activities are socially and environmentally responsible and meet the highest standards.

Engagement Mechanism

Tokamak Energy has over 50 Science, Technology Engineering, and Mathematics (STEM) ambassadors who work with local schools and colleges. Students are encouraged to work with Tokamak Energy on collaborative projects and gain work experience with the Group as part of their personal development. We offer two additional days each year to employees to support charitable and environmental projects supporting initiatives that are within the vicinity of our site.

Achievement in period

Tokamak Energy has provided outreach in STEM activities to approximately 4,000 local students, targeting broadening the diversity of future talent into the Fusion Industry and supporting future career opportunities for socio-economically challenged schools. We have also actively participated in the Milton Park Environmental Forum to improve the environmental impact both for our site and the Milton Park complex with active participation in schemes such as nature & wellbeing activities, cycle to work, back to nature projects and promoting the use of carpool/electric bus and public transportation links.

Employees

Aim

To secure the full support of all our employees for the delivery of our long-term strategic objectives and meeting our near-term targets. To promote our culture, purpose and values and support their well-being whilst maintaining low turnover and high productivity rates. Tokamak Energy is committed to the welfare, safety and development of its employees via company-wide support mechanisms and policies. Furthermore, the Group continues to focus on supporting early careers and emerging talent as well as the upskilling of existing employees.

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Engagement Mechanism

Transparent cascading of Key Performance Measures have been implemented that link directly to the Group objectives. Annual performance evaluations are combined with objective setting and regular reviews including behaviours against the Group's values. Formal policies and procedures are in place to provide strong governance. The Group also has a safety-first policy. Safety is our top value and is a constant focus for our Leadership Team. To drive a strong safety culture throughout the organisation we analysis safety data, embed accountabilities and monitor training. Our Safety Champions act as a strong employee forum on safety.

Achievements in period

Alongside a range of 'townhall' style meetings, intranet blogs and all-employee briefings to communicate to employees, the Group has also performed an employee engagement survey, collective leadership culture survey and held numerous team session that have enabled feedback actions to be taken to address issues raised. The company has provided additional training to all employees in a blended approach through face to face, on the job, induction, digital and online training and has further supported employees through a range of targeted development programmes including Apprenticeships, MBA and Masters, chartered accreditation, technical team leadership, communication and cyber security. During 2024 and 2025 (to date), the Group has run 25 manager capability workshops covering 160 hours of learning to drive effective management. We have trained and supported qualifications in First Aid and Mental Health First Aiders to support our staff teams. The Group currently has 2 existing apprentices under the apprenticeship programme focussing on growing scarce talent and gender equity through sponsorship of our technical engineering apprentices, in addition 2 mechatronics apprentices are due to join in 2025.

Throughout 2024 the Group supported two further cohorts through "Conscious Leadership Program" a leadership development programme designed to help us cultivate new leaders with the qualities to lead our business into the future and achieve our vision. To date over 50 of our leaders have had focussed leadership development, coaching and mentoring opportunities tailored to their needs. The company remains committed to building an engaging leadership culture across the whole team so that we can have measurable impact on business performance and continue to promote our values in our senior leaders of the future.

Customers

Aim

To support the expansion of our opportunity base as we move towards supply.

Engagement Mechanism

The Group will continue communication through PR, trade media articles and published scientific, as well as attendance at significant trade shows and conferences. Many of the Company's customers are also key strategic collaborators representing a route to market for the Company's products, and so these relationships are cultivated with regular meeting visits and developing memoranda of understanding (MOUs). The Company also held its first "Tokamak Energy Partner Event" in September 2024. This is planned to be an annual event, bringing together senior representatives from key customers, suppliers and strategic partners and collaborators.

Achievements in period

The Group has achieved commercial sales in the year. MOUs were entered into with key customers and collaborators for both fusion engineering and HTS magnets applications. The Group has secured its first PPP through LEAPS with DESNZ (UK government) and DOE (US government). Additionally, Tokamak Energy, as part of the Celestial consortium, was down selected and moved into competitive dialogue with UKIFS in January 2025 for the Whole Plant Engineering Partner for STEP.

Suppliers

Aim

To develop a secure supply base as we move towards commercialisation.

Engagement Mechanism

The Group will continue to communicate its products through relevant international trade shows to heighten supply base awareness. The group will continue to leverage existing supply chain networks to maintain existing, and develop new, relationships.

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Achievements in period

Visits were made to key strategic suppliers and potential future suppliers during 2024, both in the UK and overseas in the US and Japan. New suppliers have been identified, and samples have been supplied for evaluation. In particular, in relation to the HTS tape supply chain. During the year an MOU was signed with a key HTS tape supplier as part of a wider strategic relationship. The Company also invited key suppliers to its first “Tokamak Energy Partner Event” in September 2024.

GOVERNANCE

The role of the Board

The Board, chaired by Chris Martin, is responsible for the overall direction of the Group, including the formulation and approval of the Group’s long-term objectives and strategy, the approval of budgets, the oversight of Group operations, the maintenance of sound internal control and risk management systems and the implementation of Group strategy, policies and plans. While the Board may delegate specific responsibilities, there is a formal schedule of matters specifically reserved for decision by the Board. Such reserved matters include, amongst other things, approval of significant capital expenditure, material business contracts and major corporate transactions. The Board meets regularly to review performance.

The Board established an audit and risk committee (**Audit & Risk Committee**) and a remuneration committee (**Remuneration Committee**). A nominations committee was proposed and established at the June 2025 Board Meeting. The Board has delegated the day-to-day management to the Chief Executive Officer.

The table below shows the number of Board and Committee meetings of the Group held during the year.

	Board	Audit & Risk Committee	Remuneration Committee
2024 Meetings	5	4	2

Audit and Risk Committee

The Audit & Risk Committee is chaired by David Gray. Its other members are Chris Martin and Erik Bonino. The Audit & Risk Committee has primary responsibility for monitoring the quality of internal controls and ensuring that the financial performance of the Group is properly measured and reported on. It receives and reviews reports from the Group’s management and auditors relating to the annual accounts and the accounting and internal control systems in use throughout the Group.

Further, the Audit & Risk Committee advises the Board on the Group’s overall risk appetite and strategy including, inter alia, regularly reviewing and updating (if appropriate) the risk assessment processes in place, including in relation to remuneration and compliance functions, and assisting in overseeing implementation of the adopted strategy.

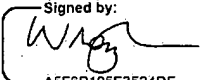
The Audit & Risk Committee meets at least twice a year and has unrestricted access to the Group’s auditors.

Remuneration Committee

The Remuneration Committee is chaired by Daniel Freeman. Its other members are Chris Martin, David Gray and Erik Bonino. The Remuneration Committee makes recommendations to the Board on matters relating to the remuneration and terms of employment of the Executive Directors. The Remuneration Committee also makes recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any share option scheme or equity incentive scheme in operation from time to time. The remuneration and terms and conditions of appointment of the Non-Executive Directors of the Group are set by the Board.

The non-executive and executive directors attend committee meetings as appropriate.

Approved by the Board on 9 September 2025 and signed on its behalf by:

Signed by:

 A5F6D195F3524DE...

Warrick Matthews
 Director

Tokamak Energy Ltd
Directors' Report
31 December 2024

The Directors present their report, together with the audited consolidated financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Tokamak Energy Ltd (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 31 December 2024.

Principal activities

During the year the principal activities of the Group and Company were research and development of spherical tokamaks in relation to demonstrating the feasibility of producing low cost, globally deployable fusion energy. Additionally, the Company provided commercial consulting services in relation to HTS magnets and related materials.

Results

The results for the year ended 31 December 2024 are as stated in the Strategic Report.

Directors

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

C J Martin
D M Gray
E I Bonino
D Harding (resigned 14 January 2025)
T Pfisterer (resigned 28 January 2025)
W Matthews
W A East
D Freeman
R G Scott Russell
M Kleppe (appointed 28 January 2025)
A Breslin (appointed 1 April 2025)

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Share capital

During the year ended 31 December 2024, 4,230,041 shares were issued as part of the second close of the Series C investment round (31 December 2023: 6,789,920).

Directors' interest in contracts of significance

There were no contracts of significance to which the Company was a party, and in which directors of the Company had a material interest, whether directly or indirectly, subsisting at the end of the period or at any time during the period.

Indemnity of Directors

The Group maintains directors and officers qualifying third party indemnity insurance to provide cover for legal action against its directors and officers. This has been in place throughout the year and remains in place at the date of approval of the financial statements.

Political Donations

No political donations were made during the financial year.

Going Concern

The financial statements have been prepared on a going concern basis, which assumes the Group and Company will have sufficient funds available to enable them to continue to trade for the foreseeable future. The research and development nature of the Group's and Company's strategy means that the timing of milestones and funds generated from developments are not guaranteed at this stage.

As at 31 December 2024 the Group had net assets of £51.2m and cash and cash equivalents of £41.3m. Subsequent to 31 December 2024, on 29 August 2025 the Group issued £23.5m of convertible loan notes to existing shareholders.

The directors have prepared financial forecasts to estimate the likely cash requirements of the Group and Company over the next 12 months from the date of approval of the financial statements. The forecasts show that the current cash runway extends to December 2026 based on current operational spend and that the Group and Company do not require any additional external funding to be able to continue as a going concern during that period.

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In order to deliver its strategy at the current pace of development, further funding will be required; in September 2025 the Group will officially launch its Series D investment round to support the commercialisation plans for HTS technology and further develop the PPP fusion model.

The Group's strategy and approach to successfully delivering commercial fusion solutions includes, but is not limited to:

- Deliver fusion through a series of PPPs, the first of which is the LEAPS programme a £40.2m cost sharing programme with UK Department of Energy Security and Net Zero and US Department of Energy announced in December 2024.
- Develop a number of IP licensing and manufacturing collaborations to commercialise its technology, IP portfolio and know-how in High Temperature Superconducting (HTS) magnets, in which significant technical and commercial progress has been achieved.

As the precise timing and amounts of these initiatives remain uncertain, the directors have also carried out sensitivity analysis, which considers a severe but plausible downside scenario. This sensitivity analysis concludes that the Group and Company will continue to hold sufficient funds to operate through to Q4 2026 without requiring additional funding.

Taking these factors and conditions together, the directors are comfortable that the Group and Company will have sufficient funds to continue to operate for a period of at least 12 months from the date of approval of the financial statements without impacting the core development activities of the Group and Company. Hence, these financial statements have been prepared on a going concern basis.

Statement of directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the strategic report, Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and the company financial statements in accordance with UK-adopted international accounting standards.

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the group's and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group's and company's auditors are aware of that information.

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Matters subsequent to the end of the financial year

As part of the Group's strategy to collaborate with high profile Government programmes it has set up a new subsidiary, Tokamak Energy KK in Japan. This entity was incorporated in January 2025 and is a statement of confidence in Japan as a future market for TE both in relation to commercial fusion programmes such as FAST (Fusion by Advanced Superconducting Tokamak) and for commercial sales opportunities, particularly in relation to HTS magnet technology. In April 2025, Tokamak Energy was selected for an award from The Tokyo Metropolitan Government under its GX (Green Transformation) Foreign Company Entry Support Program. This provides cost-share payments and subsidies over a four-year period to support the establishment and growth of the new company.

In January 2025, the company won a £0.8m bid to advance fusion development under UK Atomic Energy Authority's £200 million Lithium Breeding Tritium Innovation (LIBRTI) programme. This programme focuses on innovative fusion fuel advancements as part of the path to clean and limitless fusion energy.

In August 2025, the group issued £23.5m unsecured convertible loan notes to shareholders. The loan notes are set to mature in October 2026, subject to certain early conversion alternatives, including a mandatory conversion on a "qualified financing", or a discretionary conversion at the option of the holders in a "non-qualified financing" event. These events both provide the same share price discount to the lowest price per share on conversion. Sale or maturity of the instrument would result in an automatic conversion into the most senior class of shares in issue. No discount would be provided under sales or maturity. The proceeds provide additional funding to support the Group's ongoing research and development activities.

Care for our people

Tokamak Energy is committed to the welfare, safety and development of its employees via company-wide support mechanisms and policies.

The Group encourages equity, diversity and inclusion among its workforce with an active peer-led group of volunteers. It is committed to prioritising the value, safety and wellbeing of our people. Tokamak Energy is an equal opportunities employer and believes in respect, empowerment and creating an environment for each employee to reach their full potential. Our salary, benefits and reward strategy ensures we closely monitor inclusive and equitable access for all to our bonus and reward schemes and can evidence our commitment to reducing any gender pay gap or barriers to reward equity.

Disability

It is Group policy to give full and fair consideration to the employment needs of disabled people and those that require reasonable adjustments to support them in their role and to ensure their requirements are adequately covered and comply with any current legislation with regards to disabled persons. This includes:

- Ongoing Occupational Health referral scheme, health screening and in-depth health screening for designated roles;
- Equality Diversity & Inclusion (ED&I) survey available for prospective employees via application process and for existing employees to ensure they have the opportunity to update how they self-identify and feedback on company inclusion & equity.
- External speaker 'learning events' for all employees to support inclusion in the workplace (Royal National Institute of Blind People, Equal Engineers and Mind).
- Full published and celebrated ED&I engagement events celebrating women & girls in STEM, Men's Health, PRIDE month and mental health awareness national initiatives.
- The full and fair consideration of applications for employment; unconscious bias training for hiring managers and candidate experience feedback to identify and address barriers to hiring;
- ED&I online training for staff and managers;
- Active voluntary ED&I delivery group working with Leadership and People teams to formulate and deliver a comprehensive company strategy
- The provision of training whilst employed; and
- Ongoing opportunities for career development and promotion.

This policy is supported by competitive compensation and generous employee benefit packages with the introduction of competency frameworks, salary benchmarking and job evaluation to ensure equity for all. Our recruitment and talent management practices ensure Tokamak Energy has a gifted and diverse talent pool to help meet its business needs.

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Climate-Related Financial Disclosures

In accordance with the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022, we provide the following disclosures for the financial year ending 31 December 2024.

Governance

The Board of Directors oversees climate-related risks and opportunities, including assessing and managing these risks and opportunities, ensuring they are integrated into our overall business strategy.

Strategy

The Group's strategy is aligned to addressing climate change with our strategy to develop fusion with the aim of producing zero carbon energy from fusion devices. We have identified several climate-related risks and opportunities over the short, medium, and long term. These include potential regulatory changes, physical risks from extreme weather events, and opportunities in energy efficiency and renewable energy adoption. Our strategy incorporates these factors into our financial planning and business operations.

Risk Management

Our risk management process includes identifying and assessing climate-related risks through regular risk assessments and scenario analysis. These processes are integrated into our overall risk management framework, ensuring that climate-related risks are managed alongside other business risks.

Metrics and Targets

We use several metrics to assess and manage climate-related risks and opportunities, including our Scope 1 and Scope 2 GHG emissions. For the reporting period, our total Scope 1 emissions were 3.66 tonnes of CO₂e, and our total Scope 2 emissions were 299.45 tonnes of CO₂e. We have started to track emissions on business travel and for site with a view to introducing targets in 2026. Streamlined Energy and Carbon Reporting (SECR)
 In compliance with the SECR regulations, we present our energy consumption and greenhouse gas emissions for the financial year ending 31 December 2024.

The Group's total UK energy consumption for the reporting period was 1,461,019 kWh, and total greenhouse gas emissions were 303.11 tonnes of CO₂e. The high electricity consumption is largely related to operating our prototype spherical tokamak device ST40. Totals by scope and source are outlined below:

Scope	Source	Energy (kWh)	Emissions (tCO ₂ e)
Scope 1	Vehicles	10,958	2.78
Scope 1	Plant and Equipment	3,819	0.88
Scope 2	Purchased Electricity	1,446,242	299.45
		1,461,019	303.11

Methodology

Emissions and energy use have been calculated in line with the UK Government's *Environmental Reporting Guidelines (March 2019)* and the *Greenhouse Gas Protocol*. Where available, actual energy usage data (e.g. utility bills, fuel receipts) has been used. Where direct data was not available, reasonable estimates were derived using financial records and published UK Government benchmarks. All calculations used the UK Government's *GHG Conversion Factors for Company Reporting (2024)*.

Intensity Ratio

Our chosen intensity ratio is tonnes of CO₂e per employee. For the reporting period, this ratio was 1.15 tonnes of CO₂e per employee.

Energy Efficiency Actions

During the financial year, we implemented several energy efficiency measures, including:

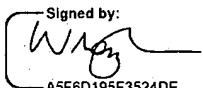
- Upgrading to LED lighting across all office spaces
- Installing energy-efficient HVAC systems
- Conducting energy audits to identify further opportunities for reducing energy consumption

Tokamak Energy Ltd
Directors' report
31 December 2024

Matters covered in the Strategic Report

Disclosure of the Group and Company's business review and principal activities, results, principal risks and uncertainties, and future developments are provided in the strategic report

Approved by the Board on 9 September 2025 and signed on its behalf by:

Signed by:


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Warrick Matthews
Director

Tokamak Energy Ltd
Independent auditor's report to the members of Tokamak Energy Ltd

Independent auditors' report to the members of Tokamak Energy Limited

Report on the audit of the financial statements

Opinion

In our opinion, Tokamak Energy Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2024 and of the group's loss and the group's and company's cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Consolidated and company statements of financial position as at 31 December 2024; the Consolidated statement of comprehensive income, the Consolidated and company statements of changes in equity and the Consolidated and company statements of cash flows for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

Tokamak Energy Ltd
Independent auditor's report to the members of Tokamak Energy Ltd

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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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. 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 Companies Act 2006 and UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. 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 potential misappropriation of the Group's and Company's assets, and in particular the cash and cash equivalents. Audit procedures performed by the engagement team included:

Tokamak Energy Ltd
Independent auditor's report to the members of Tokamak Energy Ltd

- Held discussions with management, including inquiries of known or suspected instances of non-compliance with laws and regulations and/or fraud;
- Evaluated the design effectiveness of management's control activities designed to prevent and detect irregularities;
- Reviewed meeting minutes of the board of directors for consideration of known or suspected instances of non-compliance with laws and regulations and/or fraud;
- Challenged assumptions and judgements made by management in their significant accounting estimates and critical judgements;
- Identified and tested journal entries based on our risk assessment;
- Incorporated elements of unpredictability into our audit procedures; and
- Reviewed the disclosures in the Annual Report against the specific legal requirements.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Simon Fradgley (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading
10 September 2025

Tokamak Energy Ltd
Consolidated statement of comprehensive income
For the year ended 31 December 2024

	Note	Consolidated 2024 £'000	2023 £'000
Revenue	4	872	76
Cost of sales		<u>(408)</u>	<u>(39)</u>
Gross profit		<u>464</u>	<u>37</u>
Other operating income	5	857	431
Administration expenses		<u>(41,689)</u>	<u>(35,362)</u>
Operating loss	6	(40,368)	(34,894)
Finance income	7	2,050	653
Finance costs	7	<u>(367)</u>	<u>(5,246)</u>
Loss before income tax		(38,685)	(39,487)
Income tax	10	<u>6,326</u>	<u>7,643</u>
Loss after income tax for the year attributable to the owners of Tokamak Energy Ltd		<u><u>(32,359)</u></u>	<u><u>(31,844)</u></u>
The above results were derived from continuing operations.			
Other comprehensive loss			
Foreign exchange loss on translation*		<u>(23)</u>	-
Total Comprehensive Loss for the Year		(32,382)	(31,844)

* Prior year foreign exchange differences were not separately presented in other comprehensive loss due to immateriality.

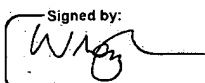
The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes

Tokamak Energy Ltd
Consolidated and company statements of financial position
As at 31 December 2024

	Note	Consolidated		Company	
		2024	2023	2024	2023
		£'000	£'000	£'000	£'000
Assets					
Non-current assets					
Investments	11	50	50	50	50
Property, plant and equipment	12	317	61	317	61
Right-of-use assets	13	3,397	4,310	3,397	4,310
Total non-current assets		<u>3,764</u>	<u>4,421</u>	<u>3,764</u>	<u>4,421</u>
Current assets					
Cash and cash equivalents		41,314	54,037	41,048	54,026
Trade and other receivables	14	2,857	2,720	4,116	3,127
Inventories	15	295	-	295	-
Income tax asset		14,006	7,611	14,006	7,611
Total current assets		<u>58,472</u>	<u>64,368</u>	<u>59,465</u>	<u>64,764</u>
Total assets		<u>62,236</u>	<u>68,789</u>	<u>63,229</u>	<u>69,185</u>
Liabilities					
Non-current liabilities					
Lease liabilities	16	2,860	3,745	2,860	3,745
Provisions	17	471	411	471	411
Total non-current liabilities		<u>3,331</u>	<u>4,156</u>	<u>3,331</u>	<u>4,156</u>
Current liabilities					
Trade and other payables	18	6,691	6,262	6,507	6,176
Lease liabilities	16	913	831	913	831
Total current liabilities		<u>7,604</u>	<u>7,093</u>	<u>7,420</u>	<u>7,007</u>
Total liabilities		<u>10,935</u>	<u>11,249</u>	<u>10,751</u>	<u>11,163</u>
Net assets		<u>51,301</u>	<u>57,540</u>	<u>52,478</u>	<u>58,022</u>
Equity					
Share capital	19	6	5	6	5
Reserves		230,985	204,843	230,985	204,843
Foreign exchange reserve		(23)	-	-	-
Accumulated losses		(179,667)	(147,308)	(178,513)	(146,826)
Total equity		<u>51,301</u>	<u>57,540</u>	<u>52,478</u>	<u>58,022</u>

A statement of comprehensive income has not been presented for the Company as permitted by Section 408 of the Companies Act 2006. The Company made a loss after tax of £31,687k for the year ended 31 December 2024 (31 December 2023 - loss of £31,555k)

The financial statements on pages 17 to 45 were approved by the Board of Directors on 9 September 2025 and signed on its behalf by:

Signed by:

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 Warrick Matthews
 Director

The above consolidated and company statements of financial position should be read in conjunction with the accompanying notes

Tokamak Energy Ltd
Consolidated and company statements of changes in equity
For the year ended 31 December 2024

	Issued capital	Share premium	Share based payment reserve	Foreign currency translation reserve	Accumulated losses	Total equity
Consolidated	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2023	3	117,393	11,742	-	(115,293)	13,845
Loss after income tax for the year	-	-	-	-	(31,844)	(31,844)
Total comprehensive loss for the year	-	-	-	-	(31,844)	(31,844)
<i>Transactions with owners in their capacity as owners:</i>						
Share-based payments (note 22)	-	-	527	-	-	527
Proceeds from shares issued	1	37,057	-	-	-	37,058
Conversion of loan notes (note 2)	1	38,124	-	-	(171)	37,954
Balance at 31 December 2023	<u>5</u>	<u>192,574</u>	<u>12,269</u>	<u>-</u>	<u>(147,308)</u>	<u>57,540</u>
	Issued capital	Share premium	Share based payment reserve	Foreign currency translation reserve	Accumulated losses	Total equity
Consolidated	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2024	5	192,574	12,269	-	(147,308)	57,540
Loss after income tax for the year	-	-	-	-	(32,359)	(32,359)
Total comprehensive loss for the year	-	-	-	-	(32,359)	(32,359)
Other comprehensive loss	-	-	-	(23)	-	(23)
<i>Transactions with owners in their capacity as owners:</i>						
Share-based payments (note 22)	-	-	2,567	-	-	2,567
Proceeds from shares issued	1	23,688	-	-	-	23,689
Costs of shares issue	-	(113)	-	-	-	(113)
Balance at 31 December 2024	<u>6</u>	<u>216,149</u>	<u>14,836</u>	<u>(23)</u>	<u>(179,667)</u>	<u>51,301</u>

The above consolidated and company statements of changes in equity should be read in conjunction with the accompanying notes

Tokamak Energy Ltd
Consolidated and company statements of changes in equity
For the year ended 31 December 2024

Company	Issued capital £'000	Share premium £'000	Share based payment reserve £'000	Accumulated losses £'000	Total equity £'000
Balance at 1 January 2023	3	117,393	11,742	(115,100)	14,038
Loss after income tax for the year	-	-	-	(31,555)	(31,555)
Total comprehensive loss for the year	-	-	-	(31,555)	(31,555)
<i>Transactions with owners in their capacity as owners:</i>					
Share-based payments (note 22)	-	-	527	-	527
Proceeds from shares issued	1	37,057	-	-	37,058
Conversion of loan notes (note 2)	1	38,124	-	-	37,954
Balance at 31 December 2023	<u>5</u>	<u>192,574</u>	<u>12,269</u>	<u>(146,826)</u>	<u>58,022</u>

Company	Issued capital £'000	Share premium £'000	Share based payment reserve £'000	Accumulated losses £'000	Total equity £'000
Balance at 1 January 2024	5	192,574	12,269	(146,826)	58,022
Loss after income tax for the year	-	-	-	(31,687)	(31,687)
Total comprehensive income for the year	-	-	-	(31,687)	(31,687)
<i>Transactions with owners in their capacity as owners:</i>					
Share-based payments (note 22)	-	-	2,567	-	2,567
Proceeds from shares issued	1	23,688	-	-	23,689
Costs of shares issue	-	(113)	-	-	(113)
Balance at 31 December 2024	<u>6</u>	<u>216,149</u>	<u>14,836</u>	<u>(178,513)</u>	<u>52,478</u>

The Company issued 4,230,041 new ordinary C shares at £5.60 per share, which resulting in gross proceeds of £23,688k. In connection with the share issuance, The Company incurred legal and professional fees totalling £113k, which were deducted from equity in accordance with IAS32 Financial Instruments: Presentation.

* During the year, £184,000 of employee bonus liabilities were settled through the issue of ordinary shares. As this transaction did not give rise to cash flows, it has been excluded from the consolidated statement of cash flows.

The above consolidated and company statements of changes in equity should be read in conjunction with the accompanying notes

Tokamak Energy Ltd
Consolidated and company statements of cash flows
For the year ended 31 December 2024

	Note	Consolidated		Company	
		2024 £'000	2023 £'000	2024 £'000	2023 £'000
Cash flows from operating activities					The
Loss before income tax for the year		(38,685)	(39,487)	(38,013)	(39,197)
Adjustments for:					
Depreciation and amortisation	12,13	1,064	893	1,064	893
Share-based payments	22	2,567	526	2,567	526
Foreign exchange differences		(50)	3	(27)	12
Interest on loan notes	2	-	5,139	-	5,139
Interest on lease payments	16	367	408	367	408
Increase in derivative liabilities	2	-	(316)	-	(316)
Interest received		(2,050)	(653)	(2,050)	(653)
		(36,787)	(33,487)	(36,092)	(33,188)
Change in operating assets and liabilities:					
(Increase)/Decrease in trade and other receivables	14	215	(18)	(637)	(213)
Increase in RDEC tax relief receivable	14	(323)	-	(323)	-
Increase in inventories	15	(295)	-	(295)	-
Increase/(Decrease) in trade and other payables	18	614	(288)	516	(368)
		(36,576)	(33,793)	(36,831)	(33,769)
Interest received	7	2,050	653	2,050	653
RDEC received		-	820	-	820
Other tax and relief settlements		(68)	-	(68)	-
Income tax receipt		-	13,564	-	13,564
Net cash used in operating activities		(34,594)	(18,756)	(34,849)	(18,732)
Cash flows from investing activities					
Purchase of property, plant and equipment	12	(306)	(66)	(306)	(66)
Net cash used in investing activities		(306)	(66)	(306)	(66)
Cash flows from financing activities					
Proceeds on issue of convertible loan notes		-	420	-	420
Interest elements of lease payments	16	(367)	(408)	(367)	(408)
Principal elements of lease payments	16	(844)	(778)	(844)	(778)
Proceeds from issue of ordinary shares*		23,504	38,024	23,504	38,024
Legal expenses relating to share issue		(113)	(80)	(113)	(80)
Net cash generated from financing activities		22,180	37,178	22,180	37,178
Net decrease in cash and cash equivalents		(12,720)	18,356	(12,975)	18,380
Cash and cash equivalents at the beginning of the financial year		54,037	35,700	54,026	35,674
Effects of exchange rate changes on cash and cash equivalents		(3)	(19)	(3)	(28)
Cash and cash equivalents at the end of the financial year		41,314	54,037	41,048	54,026

The above consolidated and company statements of cash flows should be read in conjunction with the accompanying notes

Tokamak Energy Ltd
Notes to the financial statements
31 December 2024

Note 1. General Information

The Company is a private company limited by share capital, incorporated and domiciled in England. The address of its registered office is 173 Brook Drive, Milton Park, Abingdon, Oxfordshire OX14 4SD, United Kingdom.

The principal activities of the Group and Company were research and development of spherical tokamaks with HTS magnets, as part of our programme to demonstrate the feasibility of producing low cost, globally deployable and clean fusion energy.

Note 2. Material accounting policy information

Basis of preparation

The financial statements of the Group and Company have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. The Group and Company financial statements have been prepared on a going concern basis and under the historical cost convention, except for those assets and liabilities that are required to be measured at fair value under IFRS. All amounts are presented in British pounds and have been rounded to the nearest thousand, unless otherwise stated.

The financial statements have been prepared on a going concern basis, which assumes the Group and Company will have sufficient funds available to enable them to continue to trade for the foreseeable future. The research and development nature of the Group's and Company's strategy means that the timing of milestones and funds generated from developments are not guaranteed at this stage.

As at 31 December 2024 the Group had net assets of £51.3m and cash and cash equivalents of £41.3m. Subsequent to 31 December 2024, on 29 August 2025 the Group issued £23.5m of convertible loan notes to existing shareholders.

The directors have prepared financial forecasts to estimate the likely cash requirements of the Group and Company over the next 12 months from the date of approval of the financial statements. The forecasts show that the current cash runway extends to December 2026 based on current operational spend and that the Group and Company do not require any additional external funding to be able to continue as a going concern during that period.

In order to deliver its strategy at the current pace of development, further funding will be required; on 1st September the Group will officially launch its Series D investment round to support the commercialisation plans for HTS technology and further develop the PPP fusion model.

The Group's strategy and approach to successfully delivering commercial fusion solutions includes, but is not limited to:

- Deliver fusion through a series of PPPs, the first of which is the LEAPS programme a £40.2m cost sharing programme with UK Department of Energy Security and Net Zero and US Department of Energy announced in December 2024.
- Develop a number of IP licensing and manufacturing collaborations to commercialise its technology, IP portfolio and know-how in High Temperature Superconducting (HTS) magnets, in which significant technical and commercial progress has been achieved.

As the precise timing and amounts of these initiatives remain uncertain, the directors have also carried out sensitivity analysis, which considers a severe but plausible downside scenario. This sensitivity analysis concludes that the Group and Company will continue to hold sufficient funds to operate through to Q4 2026 without requiring additional funding.

Tokamak Energy Ltd
Notes to the financial statements
31 December 2024

Note 2. Material accounting policy information (continued)

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities and the results of operations of all subsidiaries of the Company. A subsidiary is an entity over which the Group has control. The Group has control over an entity where the Group is exposed to, or has the rights to, variable returns from its involvement with the entity and has the power over the entity to affect those returns through its power over the entity.

Subsidiaries are consolidated from the date on which control is obtained and are deconsolidated from the date that control ceases. Intra-group transactions and balances, and any unrealised gains or losses arising from them, are eliminated in full. Unrealised losses are eliminated only to the extent that there is no evidence of impairment.

In accordance with section 408 of the Companies Act 2006, the Company has not presented its own income statement. The Company recorded a loss after tax of £31,687k for the financial year ended 31 December 2024 (31 December 2023 – loss of £31,555k).

Other operating income

Grant income

Government grants are recognised in Other operating income when there is reasonable assurance that the Group has complied with the grant conditions and the grant will be received. When these conditions are met, income is recognised on a systematic basis over the periods in which the related eligible costs are recognised. Where reasonable assurance arises after some or all related costs have been incurred, for instance with milestone-based programmes, the corresponding income is recognised in the period assurance is obtained.

Research and development

Research expenditure is recognised as an expense when incurred.

Development expenditure is capitalised only when the recognition criteria under IAS 38 *Intangible Assets* are met. In the absence of probable future economic benefits, development costs, including patent expenditure, are expensed as incurred.

Where physical items are acquired or constructed for use in development activities, they are only capitalised under IAS 16 *Property, Plant and Equipment* if they are expected to be used in a manner that generates future economic benefits. Where such items are bespoke, consumed in prototype work, or have uncertain future inflows, they are expensed as incurred.

Defined contribution pension schemes

The Group operates defined contribution pension schemes for its employees. For defined contributions plans, contributions are paid to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction in future payments is available.

Foreign currency transactions and balances

The Group's consolidated financial statements are presented in Pounds Sterling (£), which is the functional and presentational currency of the parent company. Items included in the financial statements of each Group entity are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

Tokamak Energy Ltd
Notes to the financial statements
31 December 2024

Note 2. Material accounting policy information (continued)

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at financial year-end exchange rates of monetary assets and liabilities at year-end exchange rates, are generally recognised in the statement of comprehensive income. These are presented within administrative expenses.

Group companies

On consolidation, the assets and liabilities of the Group's operations are translated into the Group's presentation currency using the closing exchange rate at the reporting date. Income and expense items are translated at average exchange rates for the year, unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates. All resulting exchange differences are recognised in other comprehensive income.

Tax

The income tax expense or credit for the period comprises current and deferred tax. Current tax is based on the taxable profit for the period, using tax rates and laws enacted or substantively enacted at the reporting date in the jurisdictions where the Group operates and generates taxable income.

Management periodically evaluates tax positions taken in returns where the applicable regulations are subject to interpretation and considers whether it is probable that the taxation authority will accept an uncertain tax treatment. The Group measures its tax balances using either the most likely amount or the expected value, depending on which better reflects the outcome of the uncertainty.

Deferred income tax is recognised using the liability method on temporary differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases. Deferred tax is not recognised for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and affects neither accounting nor taxable profit.
- Temporary differences related to investments in subsidiaries, where the timing of the reversal is controlled by the Group and it is probable the differences will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates expected to apply when the temporary differences reverse, based on laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available to utilise deductible temporary differences and tax losses. The carrying amount of deferred tax assets is reviewed at each reporting date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax balances, and the deferred taxes relate to the same taxation authority.

Current and deferred tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Research and development tax credits

The Group claims research and development tax relief under the UK SME and RDEC schemes. SME credits are accounted for within the income tax line. RDEC credits are treated as government grants under IAS 20 and presented within other operating income.

The Group may also benefit from additional tax deductions on qualifying research and development expenditure, such as capital allowances. These incentives reduce current tax expense and income tax payable. A deferred tax asset is recognised for any unutilized reliefs only when it is probable that future taxable profits will be available to utilise them.

Investment in subsidiaries

Investments in subsidiaries are recorded at cost, less accumulated impairment losses.

Tokamak Energy Ltd
Notes to the financial statements
31 December 2024

Note 2. Material accounting policy information (continued)

Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition and commissioning of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is provided on all property, plant and equipment (excluding land) to write off the cost, less residual value, on a straight-line basis over their estimated useful lives as follows:

- Property, plant and equipment – 4 years

The assets' residual values and useful lives are reviewed at each reporting date and adjusted if appropriate. The effect of any change in estimate is accounted for on a prospective basis.

Property, plant and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Right of use assets

Right-of-use assets represent the Group's right to use underlying leased assets over the lease term and are recognised at the commencement date of the lease. Right-of-use assets are initially measured at cost, which comprises:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liability. Depreciation is charged to the statement of comprehensive income on a straight-line basis, over the shorter of the asset's useful life and the lease term. Depreciation expense is recognised in administrative expenses. Right-of-use assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method and includes all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Inventories comprise raw materials and work-in-progress related to HTS research and development activities, HTS magnet production and related contracts.

Current and non-current classification

Assets and liabilities are presented in the statements of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

Tokamak Energy Ltd
Notes to the financial statements
31 December 2024

Note 2. Material accounting policy information (continued)

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

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

Financial instruments

Financial assets and financial liabilities are recognised in the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

The Group holds the following **financial assets**:

Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with financial institutions, other short-term, highly liquid investments less that are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value. The term deposits held are for 30-95 days.

Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost less any impairment losses. The same accounting recognition and measurement basis is applied to amounts due from subsidiary undertakings, for the Company.

Impairment of financial assets

The Group recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost, which include trade and other receivables and intercompany loans. ECLs are measured as the difference between the carrying amount and the present value of the expected future cash flows, discounted at the asset's original effective interest rate.

The Group applies the IFRS 9 general approach to intercompany loans and other long-term receivables, recognising a 12-month ECL where credit risk has not increased significantly since initial recognition, and lifetime ECLs where credit risk has increased significantly. For trade receivables without a significant financing component, the simplified approach is applied, recognising lifetime ECLs from initial recognition.

ECLs are based on historical loss experience, adjusted for forward-looking information and specific factors relating to the counterparty's credit risk, including the Group's assessment of ongoing support for subsidiary undertakings. Loss allowances are reviewed at each reporting date and changes are recognised in profit or loss.

The Group holds the following **financial liabilities**:

Trade and other payables

Trade and other payables are non-derivative financial liabilities with fixed or determinable payments and relate to obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are included in current liabilities, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current liabilities. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

Lease liabilities

The Group assesses whether a contract is or contains a lease at inception of the contract. The Group recognises a right of use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease. The Group does not enter sub-lease arrangements.

Tokamak Energy Ltd
Notes to the financial statements
31 December 2024

Note 2. Material accounting policy information (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at commencement date. Where the terms of the lease agreement include increases to the rent charge, the minimum guaranteed increase is included in the lease liability. The discount rate applied is the Group's incremental borrowing rate. They are subsequently measured by increasing the carrying amount to reflect interest of the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The lease liability will also be remeasured to reflect changes in the underlying lease agreement such as the expected lease length.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the group under residual value guarantees;
- The exercise price of a purchase option if the group is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, considering the risks and uncertainties surrounding the obligation. Provisions are discounted to present value where the impact is significant, using a pre-tax rate. The effect of discounting is not significant to the Group's provisions.

Share-based payments

The Company operates several equity-settled share-based compensation schemes under which options are granted to the employees, directors and selected consultants. The fair value of the options granted is recognised as an employee benefits expense, with a corresponding increase in equity. The total expense is determined by reference to the fair value of the options at the grant date, as measured using the Black-Scholes option pricing model. The valuation:

- Includes any market performance conditions (e.g. share price targets);
- Excludes the impact of any service and non-market performance vesting conditions (e.g. length of service or internal milestones); and
- Includes the impact of a non-vesting conditions (e.g. holding periods).

The total expense is recognised over the vesting period, which is the period during which the relevant vesting conditions must be satisfied. At each reporting date, the Group revises its estimate of the number of options expected to vest based on service and non-market conditions and recognises any changes in estimate through the statement of comprehensive income, with a corresponding adjustment to equity.

The Group's share-based payment schemes are administered primarily through Tokamak Solutions EBT Limited, a consolidated employee benefit trust. Where options are exercised, settlement may occur via newly issued shares or shares held by the trust, depending on the scheme terms and availability. Proceeds from new share issues, net of directly attributable transaction costs, are recognised in equity.

Share capital

Ordinary shares are classified as equity.

Tokamak Energy Ltd
Notes to the financial statements
31 December 2024

Note 2. Material accounting policy information (continued)

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

New and amended standards adopted by the Group

The Group adopted amendments to IAS 1 *Classification of Liabilities as Current or Non-current – Non-current Liabilities with Covenants*, IFRS 16 *Lease Liability in a Sale and Leaseback*, IAS 7 *Supplier Finance Arrangements* and IFRS 16 *Leases: Lease Liability in a Sale and Leaseback* during the year. They did not have any impact on the amounts recognised in prior periods and are not expected to materially affect the current or future periods.

New standards and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2024 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods an on foreseeable future transactions.

Policies applicable to comparatives only

Convertible loan notes

In the comparative period (31 December 2023), the Group had outstanding convertible loan notes (“CLNs”) classified as hybrid financial instruments under IFRS 9, comprising a host debt contract and an embedded derivative liability.

The host debt component was initially recognised at fair value (net of transaction costs) and subsequently measured at amortised cost using the effective interest method. The embedded derivative, representing the conversion feature, was separately recognised at fair value at inception and remeasured to fair value at each reporting date, with movements recognised in profit or loss.

The classification of the host and embedded components as current or non-current was based on their respective expected settlement periods. Both the interest expense on the host and fair value movements in the embedded derivative were presented in the statement of comprehensive income.

All convertible loan notes were either converted or extinguished during the year ended 31 December 2023. No such instruments existed at 31 December 2024, and therefore this policy is provided for comparative disclosure purposes only.

Tokamak Energy Ltd
Notes to the financial statements
31 December 2024

Note 3. Critical accounting judgements, estimates and assumptions

In applying the Group's accounting policies set out in note 2, the directors are required to make certain estimates and judgements. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from these estimates.

Critical judgements in applying the Group's accounting policies

Capitalisation of development and patent costs

The Group undertakes significant investment in research and development activity across both its Fusion and HTS Magnetics divisions. Judgement is required in assessing whether costs meet the criteria for recognition as tangible or intangible assets under IAS 16 and IAS 38 respectively.

In accordance with IAS 16, physical assets acquired for use in development activity are capitalised where they are expected to provide future economic benefits beyond the specific programme to which they relate. Where such items are bespoke, consumed during prototype work or have uncertain future economic inflows, they are expensed as incurred. During the year, a limited number of general-purpose assets (e.g. calibration and diagnostic equipment) were capitalised as plant and machinery (£48k).

The same principles are applied when assessing development and patent costs under IAS 38. Given the pre-commercial nature of the Group's activities, characterised by bespoke prototypes, evolving demonstrator systems and limited visibility over marketable output, these criteria are not considered to be met. Accordingly, development and patent costs have been expensed as incurred.

IFRS 16 Leases – determining the lease term of the contract with termination and renewal options

Termination options are included in two of the leases the Group holds. The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease, if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group applied judgement in evaluating whether it is reasonably certain to exercise the option to renew or terminate the lease as it impacts lease liability and right of use asset valuation. That is, it considers all relevant factors that create an economic incentive for it to exercise the termination. After the commencement date, the Group reassess the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to terminate.

As at 31 December 2024, potential future cash undiscounted outflows of £5,854k (31 December 2023: £5,854k) have not been included in the lease liability because it is not reasonably certain that the property lease will be extended due to uncertainty around further premises requirements.

Recognition of grant income

Government grants are recognised as income when there is reasonable assurance that the conditions for receipt have been or will be met. For milestone-based funding, management considers reasonable assurance to exist only when the funding body has formally approved the relevant milestone or confirmed the related claim. This approach reflects the contractual terms, the funding body's discretion to impose additional requirements, and the inherent uncertainty in achieving technical objectives.

Tokamak Energy Ltd
Notes to the financial statements
31 December 2024

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Key sources of estimation uncertainty

Recoverability of RDEC and SME R&D tax credits

At 31 December 2024 the Group has recognised £6,767k (2023: £7,742k) in respect of claims under the RDEC and SME R&D tax credit schemes. The amounts recognised are based on management's assessment of qualifying expenditure and are subject to review by HMRC. The most sensitive assumption is the proportion of project costs that meet the technical eligibility criteria. A 5% change in the estimated qualifying expenditure for the current year claim would change the receivable by approximately £338k. While settlement is typically within 12 months of the balance sheet date, this may be extended in the event of HMRC information requests.

Other estimates and judgements

The following are other principal estimates, judgements and assumptions made by the Company, but which management believes do not have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Share-based payment valuation

The fair value of equity-settled share-based payment awards is measured at grant date using the Black-Scholes option pricing model. Key inputs include expected volatility (currently 76-91%), risk-free interest rates (3.39%-4.95%), and expected option life (5.5-6.1 years). Volatility is based on a basket of comparable listed companies due to the Group's unlisted status, and expected life is based on historical and anticipated exercise patterns. These assumptions are subject to estimation uncertainty. For example, a 1-percentage-point change in expected volatility would change the recognised charge by approximately £20k, while a one-year change in expected life would change the charge by approximately £48k.

Tokamak Energy Ltd
Notes to the financial statements
31 December 2024

Note 4. Revenue

	Consolidated	
	2024	2023
	£'000	£'000
Revenue	<u>872</u>	<u>76</u>

Revenue in both 2023 and 2024 relates solely to activities within the TE Magnetics business area.

All revenue is derived from external customers in the United Kingdom.

Note 5. Other operating income

The analysis of the Group's other operating income for the year is as follows:

	Consolidated	
	2024	2023
	£'000	£'000
AMR contract	-	16
Research & Development Expenditure Credit	441	31
Grant income	405	169
Other operating income	<u>11</u>	<u>215</u>
	<u>857</u>	<u>431</u>

(i) Research & Development Expenditure Credit

This comprises the tax credit related to the Group's qualifying research and development expenditure that is not eligible under the SME scheme and is claimed under the RDEC regime.

(ii) Grant income

The Company has received government grant income of £405k (31 December 2023: £169k) from government sources in relation to the development of fusion and related HTS magnet technology.

Grant income primarily consisted of:

- £195k of funding received under the U.S. Department of Energy's Milestone-Based Fusion Development Program, as referenced in the Strategic Report. Further milestones were achieved and paid for after the reporting date. See Note 24 for details of post-balance sheet events.
- £176k from UKRI Future Leaders Fellowship (31 December 2023 - £169k).

There are no unfulfilled conditions or other contingencies attached to these grants. There has been no other significant government grant assistance from which the Group has directly benefited. There were no government grants received specific to the purchase of property, plant and equipment.

(iii) AMR contract

This income relates to the final settlement of a contract with the Department for Business, Energy and Industrial Strategy (BEIS) as part of the UK government's AMR programme. The contract concluded in 2022, and a final invoice was issued in January 2023 for residual administration costs. No income was recognised in 2024 and all outstanding amounts had been received by the reporting date.

(iv) Other operating income

Other income comprises primarily of consultancy income, which has not arisen through the principal activity of the business.

Tokamak Energy Ltd
Notes to the financial statements
31 December 2024

Note 6. Operating loss

	Consolidated	
	2024	2023
	£'000	£'000
Depreciation on owned assets (note 12)	50	6
Depreciation on right of use assets (note 13)	1,013	887
Foreign exchange losses	19	21
Employee benefits expense (note 8)	26,503	20,731
Research and development cost	7,412	7,706
Administration expenses	6,908	6,010

During the financial year the following fees were paid or payable for services provided by PricewaterhouseCoopers LLP, the auditors of the Group

	Consolidated	
	2024	2023
	£'000	£'000
<i>Audit services</i>		
Fees payable to the Company's auditors for the audit of the Company and consolidated financial statements	165	130
Fees payable to the Company's auditors for the audit of the Company and consolidated financial statements in relation to the prior year	18	-
Fees payable to the Company's auditors for tax advisory services	-	32

Note 7. Finance income and finance costs

	Consolidated	
	2024	2023
	£'000	£'000
Finance income		
Interest income on bank deposits	2,050	653
Finance costs		
Interest on lease liabilities	(367)	(408)
Interest on convertible loan note*	-	(5,139)
Fair value movement on derivative liability*	-	301
	<u>1,683</u>	<u>(4,593)</u>

*Relates to 2023 only – see Note 2

Note 8. Average number of employees and employee benefits expense

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

	Consolidated	
	2024	2023
	No.	No.
Administration and support	29	20
Research and development	235	239
Average number of employees	<u>264</u>	<u>259</u>

Tokamak Energy Ltd
Notes to the financial statements
31 December 2024

Note 8. Average number of employees and employee benefits expense (continued)

The compensation paid to employees (including executive directors) for employee services were as follows:

	Consolidated	
	2024	2023
	£'000	£'000
Wages and salaries	20,432	17,446
Social security costs	2,403	1,871
Defined contribution pension costs	1,101	894
Share-based payments	2,567	520
	<u>26,503</u>	<u>20,731</u>
Total employee benefits expense	<u>26,503</u>	<u>20,731</u>

Note 9. Directors' and key management remuneration

Directors' remuneration

The Directors' remuneration for the year was as follows:

	Consolidated	
	2024	2023
	£'000	£'000
Aggregate emoluments	833	1,697
Contributions paid to money purchase schemes	32	31
Highest paid Director - aggregate emoluments	515	493
Highest paid Director - pension contributions made during the year	32	24

The Company operates a defined contribution scheme for its employees, including Directors. No employees or Directors, including the highest paid Director have participated in a defined benefit pension scheme operated by the Company.

During the year, four directors were awarded 313,517 share options in total (31 December 2023: 450,275 share options). No directors exercised any options during the year (31 December 2023: nil).

Key management remuneration

Key management includes those persons with authority and responsibility for controlling the activities of the Company, including executive and non-executive directors, some members of senior management, and the Company Secretary. The compensation paid or payable to key management for employee services is shown below.

	Consolidated	
	2024	2023
	£'000	£'000
Salaries and other short-term benefits	2,503	1,471
Other long-term benefits	905	1,000
Share-based payments	2,150	1,125
	<u>5,557</u>	<u>3,596</u>
	<u>5,557</u>	<u>3,596</u>

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Notes to the financial statements
31 December 2024

Note 10. Income tax

The Group's tax disclosures include activity from both its UK and US subsidiaries.

From 1 April 2023, the UK corporation tax rate increased from 19% to 25% for companies with profits above £250,000, with marginal relief applying between £50,000 and £250,000. As the Group is loss-making, the 25% main rate has been applied in determining both current and deferred tax amounts relating to the UK. Current and deferred tax amounts relating to the US subsidiary have been tax-effected at the applicable US federal rate of 21%. Due to immateriality, US components are not disclosed separately.

Tax credited in the income statement

	Consolidated	
	2024	2023
	£'000	£'000
<i>Current taxation</i>		
Research and development relating to current year	(6,326)	(7,711)
Adjustment to provision in prior periods	-	68
	<u>(6,326)</u>	<u>(7,643)</u>
<i>Numerical reconciliation of income tax and tax at the statutory rate</i>		
Loss before income tax	<u>(38,685)</u>	<u>(39,487)</u>
Tax at the UK statutory tax rate of 19%	-	(7,503)
Tax at the UK statutory tax rate of 25% (effective 1 April 2023)	(9,467)	-
Tax at the US federal tax rate of 21%	(171)	-
Tax effect amounts which are not deductible in calculating taxable income:		
Fixed asset temporary differences	1	
Expenses not deductible for tax purposes	19	11
Other permanent differences	(77)	524
Convertible loan note interest (note 2)	-	5,139
	<u>(9,695)</u>	<u>(1,829)</u>
Adjustment to provision in prior periods	-	68
Deferred tax expense from unrecognised tax loss	3,585	1,829
Net adjustment in research development tax credit*	<u>(216)</u>	<u>(7,711)</u>
Income tax	<u>(6,326)</u>	<u>(7,643)</u>

* The December 2024 figure represents the net impact of research and development tax credits, including enhancements, surrender and repayable elements. The December 2023 figure reflected the full expected credit.

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Notes to the financial statements
31 December 2024

Note 10. Income tax (continued)

Deferred tax

	Consolidated	
	2024	2023
	£'000	(Restated) £'000
Unrecognised gross deferred tax asset		
Losses	49,370	36,722
Fixed asset temporary differences	(257)	(61)
Disallowable provisions	175	1,478
Share based payment	6,759	4,191
	56,047	42,330
Unrecognised deferred tax asset at applicable rates		
Losses	12,576	9,181
Fixed asset temporary differences	(64)	(15)
Disallowable provisions	29	370
Share based payments	1,690	1,048
Unrecognised deferred tax asset	14,231	10,584

Deferred tax assets have not been recognised in respect of the above temporary differences due to uncertainty over the timing and availability of future taxable profits.

Comparative figures for 2023 have been updated to reflect refinements to the underlying tax computations. As these balances remain unrecognised and are disclosed for information purposes only, the restatement has no impact on the Group's financial position or prior year results.

Note 11. Non-current assets - investments

	Consolidated		Company*	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Investment - QDot	50	50	50	50

* Tokamak Energy Ltd holds investments in Tokamak Solutions EBT Limited and Tokamak Energy Inc. These are held at nominal cost and have been rounded to nil for presentation purposes. Both entities are fully consolidated in the Group financial statements.

Details of the Company's subsidiaries as at 31 December 2024 and 2023 are as follows:

Name of subsidiary	Principal Activity	Registered Office	Ownership interest held %
Tokamak Solutions EBT Limited	Employee Benefit Trust - United Kingdom	173 Brook Drive, Milton Park, Abingdon, Oxfordshire, OX14 4SD, United Kingdom	100%
Tokamak Energy Inc	Establishing R&D collaborations with US organisations	Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle Court, Delaware, 19801, United States of America	100%

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Note 12. Non-current assets - property, plant and equipment

Group & Company

	2024 £'000	2023 £'000
Cost		
At 1 January	142	76
Additions	306	66
At 31 December	<u>448</u>	<u>142</u>
Accumulated depreciation		
At 1 January	(81)	(75)
Charge for the year	(50)	(6)
At 31 December	<u>(131)</u>	<u>(81)</u>
Net book value		
At 31 December	<u>317</u>	<u>61</u>

Note 13. Non-current assets - right-of-use assets

Group & Company

	Buildings £'000	Vehicles £'000	Equipment £'000	Total £'000
Cost				
At 1 January 2024	6,331	-	30	6,361
Additions	60	40	-	100
At 31 December 2024	<u>6,391</u>	<u>40</u>	<u>30</u>	<u>6,461</u>
Accumulated depreciation				
At 1 January 2024	2,028	-	23	2,051
Charge for the year	995	11	7	1,013
At 31 December 2024	<u>3,023</u>	<u>11</u>	<u>30</u>	<u>3,064</u>
Carrying amount				
At 31 December 2024	<u>3,368</u>	<u>29</u>	<u>-</u>	<u>3,397</u>

Group & Company

	Buildings £'000	Vehicles £'000	Equipment £'000	Total £'000
Cost				
At 1 January 2023	5,084	-	30	5,114
Additions	242	-	-	242
Remeasurement	1,005	-	-	1,005
At 31 December 2023	<u>6,331</u>	<u>-</u>	<u>30</u>	<u>6,361</u>
Accumulated depreciation				
At 1 January 2023	1,157	-	7	1,164
Charge for the year	871	-	16	887
At 31 December 2023	<u>2,028</u>	<u>-</u>	<u>23</u>	<u>2,051</u>
Carrying amount				
At 31 December 2023	<u>4,303</u>	<u>-</u>	<u>7</u>	<u>4,310</u>

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Notes to the financial statements
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Note 14. Current assets - trade and other receivables

	Consolidated		Company	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Trade receivables	249	300	249	300
RDEC receivable	353	31	353	31
Amount due from subsidiary undertaking	-	-	1,426	407
Less: Allowance for expected credit loss	-	-	(142)	-
Prepayments and accrued income	1,308	1,902	1,283	1,902
Other receivables	947	487	947	487
	<u>2,857</u>	<u>2,720</u>	<u>4,116</u>	<u>3,127</u>

Other receivables include VAT receivable of £297k (2023: £406k) and amounts totalling £481k (2023: £nil) relating to invoices received for services or goods to be consumed in future periods, where payment had not been made as at the balance sheet date. These amounts do not meet the definition of prepayments under IFRS and are therefore presented within other receivables rather than prepayments.

Amounts due from subsidiary undertakings consist of loans with subsidiaries. All amounts are unsecured and are not repayable on demand.

In accordance with IFRS 9 *Financial Instruments*, the Group has charged an impairment of £142k in the year relating to low but inherent credit risk over amounts due from group undertakings.

Note 15. Current assets - inventories

	Consolidated		Company	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Raw materials	241	-	241	-
Work-in-progress	54	-	54	-
	<u>295</u>	<u>-</u>	<u>295</u>	<u>-</u>

In 2024, inventories of £38k were recognised as an expense during the year and included in cost of sales. Inventories are stated at the lower of cost and net realisable value. No inventories were pledged as security for liabilities and no write-downs or reversals of write-downs occurred during the year.

Note 16. Non-current liabilities - lease liabilities

This note provides information for leases where the Company is a lessee.

(i) Amounts recognised in the balance sheet

Group & Company	2024 £'000	2023 £'000
Lease liabilities		
Current	913	831
Non-current	2,860	3,745
	<u>3,773</u>	<u>4,576</u>

The contractual undiscounted cash flows are included in note 20.

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Note 16. Non-current liabilities - lease liabilities (continued)

(ii) Amounts recognised in the statement of comprehensive income

The statement of comprehensive income shows the following amounts relating to leases:

Group & Company	2024 £'000	2023 £'000
Depreciation charge of right-of-use assets		
Buildings	995	871
Vehicles	11	-
Equipment	7	16
	<u>1,013</u>	<u>887</u>
Interest expense (included in finance cost)	367	408
Expenses relating to short-term and low-value leases (included in administrative expenses)	60	22

Group & Company	2024 £'000	2023 £'000
The total cash outflow for leases	1,271	1,209

Note 17. Non-current liabilities - provisions

Group & Company	2024 £'000	2023 £'000
Opening balance at 1 January	411	169
Additions during the year	60	242
Closing balance at 31 December	<u>471</u>	<u>411</u>

The provision balance relates to estimated dilapidation costs for returning the premises to their original condition at the end of the lease term. The balance primarily reflects obligations associated with structural alterations made to facilitate the Group's operations. The provision is based on internal estimates and is expected to be settled at the end of the lease terms, which is not anticipated to occur within 12 months of the date of signing.

Note 18. Current liabilities - trade and other payables

	Consolidated		Company	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Trade payables	1,893	1,340	1,893	1,258
Other taxes and social security	563	550	563	550
Amounts due to subsidiary undertakings	-	-	1	1
Accrued expenses	4,235	4,372	4,050	4,367
	<u>6,691</u>	<u>6,262</u>	<u>6,507</u>	<u>6,176</u>

As at the balance sheet date, the Group held no balances with suppliers in jurisdictions subject to trade or economic sanctions.

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Note 19. Equity - Share capital

Allotted, called up and fully paid shares

	31 December 2024	31 December 2024	31 December 2023	31 December 2023
	No.	£'000	No.	£'000
Ordinary of £0.0001 each	37,505,636	3	37,505,636	3
A Ordinary of £0.0001 each	-	-	-	-
B Ordinary of £0.0001 each	8,120,462	1	8,120,462	1
C Ordinary of £0.0001 each	11,019,961	2	6,789,920	1
	<u>56,646,059</u>	<u>6</u>	<u>52,416,018</u>	<u>5</u>

Share capital is presented in £'000 and rounded; individual class totals may not sum precisely to the total due to rounding.

Tokamak Solutions EBT Limited holds 1,982,063 shares in Tokamak Energy Ltd (31 December 2023 - 2,065,063).

New shares allotted

During the year ended 31 December 2024 4,230,041 shares were issued following the completion of the second close in the Series C investment round (31 December 2023: 6,789,920).

Rights, preferences and restrictions

Ordinary shares have no special rights or restrictions.

C Ordinary shares have a liquidation preference over Ordinary shares and B Ordinary shares.

B Ordinary shares have a liquidation preference over Ordinary shares.

The return of any capital is paid to shareholders in the following order of priority:

- C Ordinary shares at full subscription price
- B Ordinary shares at full subscription price
- Ordinary shares at the full subscription price
- Any remaining capital surplus then repaid to shareholders in proportion to their voting and dividend rights

Note 20. Financial instruments and financial risk review

Financial assets measured at amortised cost

	Consolidated		Company	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Trade receivables	249	300	249	300
Other receivables excluding prepayment and VAT receivable	1,003	81	2,286	487
Cash and cash equivalents	41,314	54,037	41,048	54,026
	<u>42,566</u>	<u>54,418</u>	<u>43,583</u>	<u>54,813</u>

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Note 20. Financial instruments and financial risk review (continued)

Financial liabilities measured at amortised cost

	Consolidated		Company	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Trade and other payables excluding social security and other taxes	6,128	5,712	5,943	5,624
Lease liabilities	3,773	4,576	3,773	4,576
	<u>9,901</u>	<u>10,288</u>	<u>9,716</u>	<u>10,200</u>

The Group and Company's operations may expose it to a variety of financial risks that include credit risk, liquidity risk and foreign exchange risk. The Company, through its Board of Directors, seeks to limit the adverse effects on the financial performance of the Company as follows:

Foreign currency risk

The Group makes purchases in foreign currencies. In order to mitigate significant exposure to foreign currencies, the Group holds cash balances in the appropriate currencies to meet obligations as they fall due and to service a proportion of future obligations. The Group does not currently use forward contracts or derivatives to hedge currency exposure.

Credit risk

The credit risk of liquid funds is limited through a Company treasury policy, maintained to ensure that liquid assets are only placed with highly rated institutions. Risk is assessed using an external credit rating agency's short-term rating. For banks and financial institutions, only independently rated parties with a minimum rating of 'BBB' are accepted.

Liquidity risk

The Group maintains sufficient cash balances to meet anticipated requirements. Cash flow forecasts are regularly reviewed, and cash balances required for the next 1-2 months are held as immediately available funds. Surplus funds are placed on time deposits of varying duration. At 31 December the surplus cash in time deposits was:

	Consolidated	
	2024 £'000	2023 £'000
95 day account	12,812	268
32 day account	14	13
31 day account	24,700	47,200

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

Contractual undiscounted maturities of financial liabilities*:

As at 31 December 2024	Less than 1 year £	Between 1 and 2 years £	Between 2 and 5 years £	Over 5 years £
Trade and other payables	6,128	-	-	-
Lease liabilities	1,282	2,259	249	-
	<u>7,410</u>	<u>2,259</u>	<u>249</u>	<u>-</u>

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Note 20. Financial instruments and financial risk review (continued)

As at 31 December 2023	Less than 1 year £	Between 1 and 2 years £	Between 2 and 5 years £	Over 5 years £
Trade and other payables	5,712	-	-	-
Lease liabilities	1,198	1,191	3,197	-
	<u>6,910</u>	<u>1,191</u>	<u>3,197</u>	<u>-</u>

* See notes 16 and 18 for reconciliations of lease liabilities and trade and other payables respectively.

Financing

The Group's cash inflow arises predominantly from financing activities from both dilutive equity sources and non-dilutive grant/public sector funding. Tokamak Energy Ltd and its subsidiaries are reliant on the support of a small group of significant shareholders and also plans to raise additional funds from new investors in the future.

The Board recognises that additional funding will be required to execute our ambitious plans and that there are a number of uncertainties around the timing and composition of future funding.

The Group continues to take measures to preserve cash in order to protect against unforeseen project risks.

Capital management

The Group does not maintain externally imposed capital requirements. Its capital management strategy focuses on ensuring continuity of funding through equity, government-backed grants, and alignment with strategic R&D milestones.

The Group's objectives when managing capital are:

- To secure its ability to continue as a going concern; and
- To preserve sufficient funds to protect it against unforeseen project events and risks.

These objectives are supported through regular forecasting, budgeting and cost control measures.

Note 21. Related party transactions

There were no transactions with related parties during the current or prior financial year, other than:

- Remuneration paid to the Group's and Company's Directors and key management personnel (see note 10);
- During the year, the Company lent its subsidiary undertaking Tokamak Energy Inc £1,019k (£407k; 2023) to support ongoing operations. No interest was charged; and
- Amounts due from the Company's subsidiary undertakings (see note 14).

Note 22. Share-based payments

Tokamak Energy issues share options to directors, selected employees and selected consultants.

Options are measured at fair value at the date of grant, using the Black Scholes model.

The basic assumptions that feed into the valuation model are volatility of the share price, annual risk-free rate and dividend yield. The volatility is based upon the volatility of similar listed entities (as far as is possible) and the risk-free rate is based on the Bank of England's government bond yield. It is assumed that no dividend will be paid over the life of the option.

At the end of each reporting period, the Company revises its estimates of the number of options that are expected to vest, based upon historical satisfaction service conditions. It recognises the impact of the revision to original estimates in the Income Statement, recorded in administrative expenses, with a corresponding adjustment to equity.

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Note 22. Share-based payments (continued)

The Company has no legal or constructive obligation to repurchase or settle the options in cash.

The number of options outstanding at 31 December 2024 and 2023 and the expense recognised in the statement of comprehensive income for these schemes are:

	31 December 2024		31 December 2023	
	Options outstanding No.	SOCI £'000	Options outstanding No.	SOCI £'000
EMI	475,758	-	636,755	-
ESOP	1,437,000	745	604,100	798
Other share options	1,426,871	1,822	1,227,802	(272)
	<u>3,339,629</u>	<u>2,567</u>	<u>2,468,657</u>	<u>526</u>

An expense of £3,439 (31 December 2023: £6,443) relating to non-employees has been recognised in the statement of comprehensive income.

EMI Scheme

Due to the size of the Group, no further grants may be made under the EMI scheme. At the time it was available, this scheme was offered only to employees and Directors.

At the Board's discretion, selected employees were granted share options after one year's service. The options vest either 1 or 3 years after the date of grant, subject to the employee completing a corresponding service period. The options expire ten years after the date of grant.

The exercise prices are based on the Company's share price at the date of grant. The share price incorporates an adjustment to reflect the situation of a small minority shareholding in an unlisted company. This adjustment has been explicitly agreed with HMRC on several occasions.

Movements in the number of options outstanding and their related weighted average exercise prices are as follows:

	31 December 2024			31 December 2023		
	Weighted av. exercise price	Number of options	Weighted av. fair value	Weighted av. exercise price	Number of options	Weighted av. fair value
As at beginning of year	£1.9293	636,755	£3.64	£1.9531	660,512	£3.67
Forfeited	£2.2502	(77,997)	£4.02	£2.6253	(23,257)	£4.42
Exercised	£0.0001	(83,000)	£1.30	£1.0381	(500)	£3.27
As at end of year	<u>£2.2132</u>	<u>475,758</u>	<u>£3.99</u>	<u>£1.9293</u>	<u>636,755</u>	<u>£3.64</u>

Of the 475,758 options outstanding at 31 December 2024 (31 December 2023: 636,755), 475,758 were exercisable (31 December 2023: 636,755). The weighted average exercise price of the exercisable shares was £2.2132 (31 December 2023: £1.9293).

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

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Note 22. Share-based payments (continued)

Grant - vest	Expiry Date	Exercise Price	31 December 2024		31 December 2023	
			Weighted av. exercise price	Number of options	Weighted av. exercise price	Number of options
2014 - 2017	October 2024	£0.0001	£0.0001	24,000	£0.0001	104,000
2016 - 2019	August 2026	£0.0001	£0.0001	47,765	£0.0001	63,230
2017 - 2020	January 2027	£0.0001	£0.0001	22,340	£0.0001	22,340
2017 - 2020	August 2027	£0.0001	£0.0001	94,508	£0.0001	111,692
2018 - 2021	July 2028	£3.4600	£3.4600	117,357	£3.4600	142,216
2019 - 2022	April 2029	£3.8100	£3.8100	169,788	£3.8100	193,277
				<u>475,758</u>		<u>636,755</u>

The weighted average remaining contractual life of share options outstanding at the end of the period is 3.2 years (31 December 2023: 3.75 years).

It is the employee's responsibility to settle the tax arising from these options.

Due to the size of the company, no further awards of options under the EMI scheme are possible.

ESOP Scheme

This scheme is offered only to employees and Directors. It qualifies as a CSOP scheme with the first £30,000 per employee being tax advantaged. Any options granted above this threshold carry no tax advantages.

As approved by the Board, all employees who successfully completed their 3 months' probation were eligible to receive share options under the initial scheme grant in 2021, and under the current scheme grant in 2024. The 2024 options vest in full 3 years after the date of grant, subject to the employee completing a corresponding service period and expire after 10 years.

The exercise price is based on the internally valued Tokamak Energy Ltd share price at the date of grant. This valuation for the exercise price has been explicitly agreed with HMRC prior to the grant of options.

Movements in the number of options outstanding and their related weighted average exercise prices are as follows:

	31 December 2024			31 December 2023		
	Weighted av. exercise price	Number of options	Weighted av. fair value	Weighted av. exercise price	Number of options	Weighted av. fair value
As at beginning of year	£4.13	604,100	£6.41	£4.13	690,400	£6.41
Granted	£3.74	943,750	£4.54	-	-	-
Forfeited	£4.04	(110,850)	£5.21	£4.13	(86,300)	£6.41
As at end of year	<u>£3.88</u>	<u>1,437,000</u>	<u>£5.21</u>	<u>£4.13</u>	<u>604,100</u>	<u>£6.41</u>

Of the 1,437,000 options outstanding at 31 December 2024, 384,964 were exercisable (31 December 2023: 302,072).

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Grant - vest	Expiry Date	Exercise Price	31 December 2024		31 December 2023	
			Weighted av. exercise price	Number of options	Weighted av. exercise price	Number of options
2021 - 2025	October 2031	£4.13	£4.13	513,250	£4.13	604,100
2025 - 2027	October 2034	£3.70	£3.70	923,750	-	-

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Note 22. Share-based payments (continued)

The weighted average remaining contractual life of share options outstanding at the end of the year is 8.73 years (31 December 2023: 7.83 years).

The basis for the assumptions set out above are as follows:

- Weighted average share price at grant date - Based upon the share price at the closest investment round, taking into account Company performance since the last investment date;
- Weighted average exercise price - The contractually agreed exercise price;
- Expected volatility - Based on an average of the volatility of comparable listed companies over a period equal to expected life of the option;
- Weighted average annual risk-free rate - Based upon a government bond rate;
- Dividend yield - It assumed that it is not expected that a dividend will be paid over the life of the options; and
- Weighted average expected life - Based on the expected life of the option prior to exercise.

It is the employee's responsibility to settle the tax arising from these options.

Other share options

The Board has approved the ability to grant share options to Executive and Non-Executive Directors, and a small number of consultants (non-employees) who provide a strategic service to the business. During the year the Group granted options to senior members of the Leadership team who were not employed at the time of the previous round.

Options are granted in respect of a future service period and vest over a period typically between one and three years. They expire after ten years. The exercise prices are based on the Tokamak Energy Ltd share price at the date of grant, with an adjustment to reflect the situation of a small minority shareholding in an unlisted company. Options are fair valued using the Black Scholes model and the fair value is expensed over the vesting period.

Movements in the number of options outstanding and their related weighted average exercise prices are as follows:

	31 December 2024	31 December 2024	31 December 2023	31 December 2023
	Weighted av. exercise price	Number of options	Weighted av. exercise price	Number of options
As at beginning of year	£3.86	1,227,802	£3.65	805,027
Granted	£4.20	313,517	£4.20	809,619
Exercised	-	-	-	-
Forfeited	£4.20	(114,448)	£4.13	(386,844)
As at end of year	<u>£3.91</u>	<u>1,426,871</u>	<u>£3.86</u>	<u>1,227,802</u>

Of the 1,426,871 options outstanding at 31 December 2024, 576,856 were exercisable (31 December 2023: 308,701). The weighted average exercise price of the exercisable shares as at 31 December 2024 was £4.9488 (31 December 2023: £2.849).

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

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Note 22. Share-based payments (continued)

Grant - Vest	Expiry Date	Exercise Price	31 December 2024		31 December 2023	
			Weighted av. exercise price	Number of options	Weighted av. exercise price	Number of options
2017 - 2020	April 2027	£2.91	£2.91	48,125	£2.91	48,125
2018 - 2021	January 2028	£1.46	£1.46	112,967	£1.46	112,967
2018 - 2021	July 2028	£3.46	£3.46	23,125	£3.46	23,125
2019 - 2022	April 2029	£3.81	£3.81	17,000	£3.81	17,000
2019 - 2023	October 2029	£3.81	£3.81	56,483	£3.81	56,483
2020 - 2024	May 2030	£4.13	£4.13	100,000	£4.13	100,000
2020 - 2024	January 2031	£4.13	£4.13	56,483	£4.13	56,483
2021 - 2025	October 2031	£4.13	£4.13	4,000	£4.13	4,000
2021 - 2025	July 2033	£4.20	£4.20	564,723	£4.20	580,723
2023 - 2027	October 2033	£4.20	£4.20	-	£4.20	98,448
2023 - 2027	December 2033	£4.20	£4.20	130,448	£4.20	130,448
2024 - 2027	January 2034	£4.20	£4.20	313,517	-	-
				<u>1,426,871</u>		<u>1,227,802</u>

The significant inputs into the model were as follows:

	31 December 2024	31 December 2023
Weighted average share price at grant date	£5.60	£5.60
Weighted average exercise price	£4.20	£4.20
Expected volatility	76% - 91%	86% - 91%
Weighted average annual risk-free rate	3.39% - 4.95%	3.36% - 4.62%
Dividend yield	0%	0%
Weighted average expected life	5.50 - 6.10 years	5.29 - 6.95 years

The weighted average remaining contractual life of share options outstanding at the end of the year is 7.25 years (31 December 2023: 8.17 years).

Note 23. Events after the reporting period

Non-adjusting events:

(i) In August 2025, the group issued £23.5m unsecured convertible loan notes to shareholders. The loan notes are set to mature in October 2026, subject to certain early conversion alternatives, including a mandatory conversion on a "qualified financing", or a discretionary conversion at the option of the holders in a "non-qualified financing" event. These events both provide the same share price discount to the lowest price per share on conversion. Sale or maturity of the instrument would result in an automatic conversion into the most senior class of shares in issue. No discount would be provided under sales or maturity. The proceeds provide additional funding to support the Group's ongoing research and development activities.

Note 24. Ultimate controlling party

There is not considered to be any one controlling party.