

CLOUDNC LTD

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**



CLOUDNC LTD

COMPANY INFORMATION

Directors

C J Emery
P A McNabb
T V Saville
B J Simpson
C G Scrivener

Registered number

09821257

Registered office

1 Norton Folgate

London
United Kingdom
E1 6DB

Independent auditor

MHA
Chartered Accountants & Statutory Auditors
6th Floor

2 London Wall Place
London
EC2Y 5AU

CLOUDNC LTD

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STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2025

Introduction

The board of Directors (the “Directors”) present the Strategic Report of CloudNC Ltd (the “Company”) and its subsidiary (collectively, the “Group”) for the year ended 31 December 2025.

Principal activity and business review

The principal activity of the Group is the development and commercialisation of cloud-based automation software for computer numerical control (“CNC”) machining, alongside the subcontract manufacture of precision metal components.

CloudNC operates at the intersection of advanced manufacturing and software, with its core product, CAM Assist, designed to automate CNC programming processes. The Group’s strategy is focused on scaling its software offering, increasing recurring revenue, and transitioning towards a software-led business model.

During the year, the Group established a wholly owned US subsidiary, CloudNC Inc., which was incorporated on 6 September 2024. This entity supports the Group’s international expansion strategy, particularly in the North American market, and provides a platform for future commercial growth in that region.

During the year, the Group delivered significant growth in software revenue, driven by increased adoption of its CAM Assist product and continued expansion of its distribution channels, including reseller partnerships and integration into additional computer-aided manufacturing (“CAM”) packages. These developments have enhanced the accessibility of the Group’s software to a broader customer base.

In parallel, revenue from manufacturing activities decreased as the Group deliberately scaled back its factory operations. This reflects a strategic decision to focus resources on higher-margin, scalable software revenues, which the Directors consider to be the primary driver of long-term value creation.

The Group continued to invest significantly in product development and commercial capabilities, including engineering, marketing and sales functions, to support the growth of annual recurring revenue (“ARR”). As a result of this continued investment, the Group incurred a loss for the year. The Directors consider this level of investment to be appropriate for a business at this stage of growth as it continues its progression towards profitability.

Key performance indicators (‘KPIs’)

The Directors monitor performance using a range of financial and non-financial key performance indicators appropriate for a growth-stage technology business.

KPI	2025	2024	Movement
Software revenue	£1.9m	£338k	462%
Headcount	91	125	(27%)
Cash position	£4.5m	£11.1m	(59.5%)

Software revenue represents revenue recognised under FRS 102 in respect of subscription services for CAM Assist, the Group’s core software product, and is a key indicator of progress towards a recurring revenue model.

Headcount reflects the number of full-time equivalent employees at the year end and represents continued investment in product development and commercial capabilities.

Cash position represents liquid cash funds held at the year end. Movements in the period reflect operating cash utilisation and working capital management.

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025**

Principal risks and uncertainties

The Group is exposed to a number of risks and uncertainties which are actively monitored by the Directors.

Liquidity risk and funding

As a venture capital-backed business, the Group is reliant on access to funding to support its growth strategy. The Directors closely monitor cash flows, manage expenditure and maintain regular engagement with investors to ensure that sufficient funding is available to meet the Group's requirements.

Credit risk

The Group's exposure to credit risk arises primarily from cash balances and trade receivables. Cash is held with reputable financial institutions, and credit risk on receivables is mitigated through credit checks, appropriate limits and ongoing monitoring.

Foreign exchange risk

The Group undertakes transactions in foreign currencies, primarily US dollars and euros, giving rise to foreign exchange exposure. This has not historically been significant but is monitored on an ongoing basis and may be managed through hedging where appropriate.

Operational and scaling risk

As the Group continues to scale its software platform, there are risks associated with product development, system performance and customer adoption. These risks are mitigated through continued investment in technology, infrastructure and skilled personnel.

Future developments

The Directors will continue to focus on scaling the Group's software offering and increasing recurring revenue streams. Key priorities for the coming year include:

- further development and enhancement of the CAM Assist platform;
- expansion of reseller and integration partnerships;
- increased customer adoption across existing and new markets; and
- continued investment in engineering, product and commercial teams.

Stakeholder engagement

The Directors recognise the importance of engagement with key stakeholders and consider their interests in decision-making.

Customers

The Group engages regularly with customers to obtain feedback on product performance and functionality, which informs ongoing development and helps strengthen long-term relationships.

Employees

As a technology-led business, the Group's employees are critical to its success. The Directors promote an open and collaborative working environment, supported by regular communication and feedback.

Suppliers and partners

The Group maintains relationships with a range of suppliers and strategic partners, including resellers and technology partners. The Directors are committed to fair and transparent dealings.

Shareholders

The Directors maintain regular dialogue with shareholders, providing updates on performance, strategy and funding requirements.

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025**

Community and environment

The Directors are mindful of the impact of the Group's activities and seek to operate responsibly.

Going concern

The Directors have assessed the Group's ability to continue as a going concern, taking into account its current financial position, cash flow forecasts and available funding.

The Group continues to invest in the development and commercialisation of its software platform and, as a result, is expected to require additional funding to support its operations over the going concern period. The forecasts prepared by the Directors include assumptions regarding future trading performance and the successful completion of further fundraising within the next 12 months.

While the Directors have considered the Group's strong track record of raising capital, continued growth in software annual recurring revenue, and ongoing engagement with existing and prospective investors, the requirement to secure additional funding is not wholly within the Group's control.

These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Nevertheless, based on the factors outlined above, the Directors remain confident that the Group will be able to secure the necessary funding and meet its liabilities as they fall due for a period of at least 12 months from the date of approval of the financial statements. Accordingly, the financial statements have been prepared on a going concern basis.

Events after the reporting date

Please see note 30 for details.

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

T V Saville
Director

Theo Saville

Date: 27-04-2026

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2025**

The Directors present their report and the financial statements for the year ended 31 December 2025.

Directors

The Directors who served during the year and up to the date of approval of the financial statements were:

C J Emery
P A McNabb
T V Saville
B J Simpson
C G Scrivener (appointed 6 November 2025)

Results and dividends

The results for the year are set out on page 12. No dividends were paid or proposed in respect of the year ended 31 December 2025 (2024: £Nil).

Matters covered in the Strategic Report

In accordance with section 414C(11) of the Companies Act 2006, the Directors have chosen to include the following matters within the Strategic Report:

- business review;
- principal risk and uncertainties;
- future developments; and
- stakeholder engagement.

Auditor

The auditor, MHA, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

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

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

T V Saville
Director

Theo Saville

Date: 27-04-2026

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2025**

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the consolidated 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 elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the Members of CloudNC Limited

Opinion

We have audited the financial statements of CloudNC Limited (the 'parent company') and its subsidiary, CloudNC US Inc (together the 'Group') for the year ended 31 December 2025 which comprise of the Consolidated statement of comprehensive income, Consolidated statement of financial position, Company statement of financial position, Consolidated statement of changes in equity, Company statement of changes in equity, Consolidated statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 31 December 2025 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to Note 2 – Going Concern in the financial statements, which explains that the Company's ability to continue as a going concern is dependent on securing additional funding. The timing and amount of such funding remain uncertain. As stated in Note 2 – Going Concern, these conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

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

Other information

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

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

We have nothing to report in this regard.

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Independent auditor's report to the Members of CloudNC Limited (continued)

Opinions on other matters prescribed by the Companies Act 2006

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

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

In the light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

Matters on which we are required to report by exception

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

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

Responsibilities of directors

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

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

Auditor responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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Independent auditor's report to the Members of CloudNC Limited (continued)

Auditor responsibilities for the audit of the financial statements (continued)

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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

- Enquiry of management, those charged with governance and the entity's solicitors (or in-house legal team) around actual and potential litigation and claims;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

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

Andrew Gandell

Andrew Gandell, FCA
(Senior Statutory Auditor)
for and on behalf of MHA, Statutory Auditor
London, United Kingdom

27 April 2026

MHA is the trading name of MHA Audit Services LLP, a limited liability partnership in England and Wales (registered number OC455542)

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CLOUDNC LTD

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2025**

	Note	2025 £	2024 £
Turnover	4	2,955,618	2,351,149
Cost of sales		(2,993,063)	(6,084,050)
Gross loss		(37,445)	(3,732,901)
Administrative expenses		(16,523,584)	(16,977,627)
Other operating income		1,102,484	2,075,826
Operating loss	6	(15,458,545)	(18,634,702)
Interest receivable and similar income		267,568	294,558
Interest payable and similar expenses	10	(1,428,806)	(550,658)
Other finance income		(22,996)	163,749
Loss before taxation		(16,642,779)	(18,727,053)
Tax on loss	11	1,752,816	524,628
Loss for the financial year		(14,889,963)	(18,202,425)
Other comprehensive income			
Currency translation differences		(836)	-
Loss and total comprehensive income for the year		(14,890,799)	(18,202,425)

The loss for the financial year is wholly attributable to owners of the parent company.

The notes on pages 18 to 42 form part of these financial statements.

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2025

	Note	2025 £	2024 (Restated) £
Fixed assets			
Intangible assets	12	33,129	56,809
Tangible assets	13	1,608,715	2,417,654
		<u>1,641,844</u>	<u>2,474,463</u>
Current assets			
Stocks	14	409,247	312,016
Debtors	15	3,341,619	2,827,740
Cash at bank and in hand		4,510,933	11,118,558
		<u>8,261,799</u>	<u>14,258,314</u>
Creditors: amounts falling due within one year	16	(5,628,788)	(2,918,016)
Net current assets		<u>2,633,011</u>	<u>11,340,298</u>
Total assets less current liabilities		<u>4,274,855</u>	<u>13,814,761</u>
Creditors: amounts falling due after more than one year	18	(16,468,358)	(13,499,856)
Provisions for liabilities	21	(171,339)	(195,269)
		<u>(171,339)</u>	<u>(195,269)</u>
Net (liabilities)/assets		<u>(12,364,842)</u>	<u>119,636</u>
Capital and reserves			
Called up share capital	24	357	354
Share premium account	24	66,761,093	71,297,994
Other reserves	19	7,353,067	1,396,794
Share-based payment reserve	23	5,153,035	4,166,089
Accumulated losses	25	(91,632,394)	(76,741,595)
		<u>(12,364,842)</u>	<u>119,636</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

T V Saville
Director

Theo Saville

Date: 27-04-2026

The notes on pages 18 to 42 form part of these financial statements.

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2025

	Note	2025 £	2024 (Restated) £
Fixed assets			
Intangible assets	12	33,129	56,809
Tangible assets	13	1,608,715	2,417,654
		<u>1,641,844</u>	<u>2,474,463</u>
Current assets			
Stocks	14	409,247	312,016
Debtors	15	3,341,619	2,827,740
Cash at bank and in hand		4,504,215	11,118,558
		<u>8,255,081</u>	<u>14,258,314</u>
Creditors: amounts falling due within one year	16	(5,659,210)	(2,918,016)
Net current assets		<u>2,595,871</u>	<u>11,340,298</u>
Total assets less current liabilities		<u>4,237,715</u>	<u>13,814,761</u>
Creditors: amounts falling due after more than one year	19	(16,468,358)	(13,499,856)
Provisions for liabilities	21	(171,339)	(195,269)
		<u>(171,339)</u>	<u>(195,269)</u>
Net (liabilities)/assets		<u>(12,401,982)</u>	<u>119,636</u>
Capital and reserves			
Called up share capital	24	357	354
Share premium account	24	66,761,093	71,297,994
Other reserves	19	7,353,067	1,396,794
Share-based payment reserve	23	5,153,035	4,166,089
Accumulated losses	25	(91,669,534)	(76,741,595)
		<u>(12,401,982)</u>	<u>119,636</u>

CLOUDNC LTD
REGISTERED NUMBER: 09821257

COMPANY BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2025

As permitted by section 408 of the Companies Act 2006, the parent company has elected not to present its own statement of comprehensive income. The profit for the year of the parent company was £14,927,939 (2024 £18,202,425).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
April 27, 2026

T V Saville
Director

Theo Saville

The notes on pages 18 to 42 form part of these financial statements.

CLOUDNC LTD

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025

	Called up share capital	Share premium account	Other reserves	Share based payment reserve	Accumulated losses	Equity attributable to owners of Parent Company	Total equity / (deficit)
	£	£	£	£	£	£	£
At 1 January 2024 (as previously stated)	351	68,003,389	-	2,745,265	(58,539,170)	12,209,835	12,209,835
Prior year adjustment	-	(1,396,794)	1,396,794	-	-	-	-
At 1 January 2024 (as restated)	351	66,606,595	1,396,794	2,745,265	(58,539,170)	12,209,835	12,209,835
Loss and total comprehensive income for the year	-	-	-	-	(18,202,425)	(18,202,425)	(18,202,425)
Other movement	-	4,548,944	-	-	-	4,548,944	4,548,944
Issue of share capital	3	142,455	-	-	-	142,458	142,458
Share-based payment charge	-	-	-	1,420,824	-	1,420,824	1,420,824
At 1 January 2025 (as restated per above)	354	71,297,994	1,396,794	4,166,089	(76,741,595)	119,636	119,636
Prior year adjustment (see note 29)	-	(4,548,944)	4,548,944	-	-	-	-
At 1 January 2025 (as restated)	354	66,749,050	5,945,738	4,166,089	(76,741,595)	119,636	119,636
Loss and total comprehensive income for the year	-	-	-	-	(14,889,963)	(14,889,963)	(14,889,963)
Currency translation differences	-	-	-	-	(836)	(836)	(836)
Other movement	-	-	1,407,329	-	-	1,407,329	1,407,329
Exercise of share options	3	12,043	-	-	-	12,046	12,046
Share-based payment charge	-	-	-	986,946	-	986,946	986,946
At 31 December 2025	357	66,761,093	7,353,067	5,153,035	(91,632,394)	(12,364,842)	(12,364,842)

The notes on pages 18 to 42 form part of these financial statements.

CLOUDNC LTD

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025

	Called up share capital	Share premium account	Other reserves	Share-based payment reserve	Accumulated losses	Total equity / (deficit)
	£	£	£	£	£	£
At 1 January 2024 (as previously stated)	351	68,003,389	-	2,745,265	(58,539,170)	12,209,835
Prior year adjustment (see note 29)	-	(1,396,794)	1,396,794	-	-	-
At 1 January 2024 (as restated)	351	66,606,595	1,396,794	2,745,265	(58,539,170)	12,209,835
Loss and total comprehensive income for the year	-	-	-	-	(18,202,425)	(18,202,425)
Other movement	-	4,548,944	-	-	-	4,548,944
Issue of share capital	3	142,455	-	-	-	142,458
Share-based payment charge	-	-	-	1,420,824	-	1,420,824
At 1 January 2025 (as previously stated)	354	71,297,994	1,396,794	4,166,089	(76,741,595)	119,636
Prior year adjustment (see note 29)	-	(4,548,944)	4,548,944	-	-	-
At 1 January 2025 (as restated)	354	66,749,050	5,945,738	4,166,089	(76,741,595)	119,636
Loss for the year	-	-	-	-	(14,927,939)	(14,927,939)
Other movement	-	-	1,407,329	-	-	1,407,329
Exercise of share options	3	12,043	-	-	-	12,046
Share-based payment charge	-	-	-	986,946	-	986,946
At 31 December 2025	357	66,761,093	7,353,067	5,153,035	(91,669,534)	(12,401,982)

The notes on pages 18 to 42 form part of these financial statements.

CLOUDNC LTD

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2025**

	2025 £	2024 £
Cash flows from operating activities		
Loss for the financial year	(14,889,963)	(18,202,425)
Adjustments for:		
Amortisation of intangible assets	26,676	16,558
Depreciation of tangible assets	836,752	836,063
Equity settled share based payment expense	986,946	1,420,824
Profit on disposal of tangible assets	(129,831)	(52,551)
Interest payable	1,428,806	550,658
Interest receivable	(267,568)	(294,558)
Taxation charge	(1,752,816)	(524,628)
(Increase)/decrease in stocks	(97,231)	4,239
Decrease/(increase) in debtors	32,172	(295,477)
Increase/(decrease) in creditors	4,518,799	(695,204)
(Decrease)/increase in provisions	(23,930)	24,931
Other movements	(836)	-
Corporation tax received	1,207,068	563,268
Movement in deferred income	2,002,133	575,909
Net cash used in operating activities	(6,122,823)	(16,072,393)
Cash flows from investing activities		
Purchase of intangible fixed assets	(2,996)	(51,445)
Purchase of tangible fixed assets	(101,117)	(796,589)
Sale of tangible fixed assets	203,135	65,504
Interest received	267,568	294,558
Net cash generated from / (used in) investing activities	366,590	(487,972)
Cash flows from financing activities		
Issue of ordinary shares	-	142,458
Issue of non-equity shares	-	12,126,566
Repayment of loans	-	5,000,041
Interest paid	(521,492)	23,118
HP equipment payments	(325,030)	(550,658)
Net cash (used in) / generated from financing activities	(846,522)	16,741,525
Net (decrease)/increase in cash and cash equivalents	(6,602,755)	181,160
Cash and cash equivalents at beginning of year	11,113,688	10,932,528

CLOUDNC LTD

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

	2025 £	2024 £
Cash and cash equivalents at the end of year	4,510,933	11,113,688
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	4,510,933	11,118,558
Bank overdrafts	-	(4,870)
	4,510,933	11,113,688

The notes on pages 18 to 42 form part of these financial statements.

CLOUDNC LTD

**CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2025**

	At 1 January 2025 £	Cash flows £	At 31 December 2025 £
Cash at bank and in hand	11,118,558	(6,607,625)	4,510,933
Bank overdrafts	(4,870)	4,870	-
Debt due after 1 year	(12,577,663)	(3,437,268)	(16,014,931)
Finance leases	(1,246,484)	475,653	(770,831)
	<u>(2,710,459)</u>	<u>(9,564,370)</u>	<u>(12,274,829)</u>

The notes on pages 18 to 42 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

1. General information

CloudNC Limited is a private company limited by shares incorporated in England and Wales. The registered office is 1 Norton Folgate, London, United Kingdom, E1 6DB.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

2. Accounting policies (continued)

2.3 Going concern

The Directors have assessed the Group's ability to continue as a going concern, taking into account its current financial position, cash flow forecasts and available funding.

The Group continues to invest in the development and commercialisation of its software platform and, as a result, is expected to require additional funding to support its operations over the going concern period. The forecasts prepared by the Directors include assumptions regarding future trading performance and the successful completion of further fundraising within the next 12 months.

While the Directors have considered the Group's strong track record of raising capital, continued growth in software annual recurring revenue, and ongoing engagement with existing and prospective investors, the requirement to secure additional funding is not wholly within the Group's control.

These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Nevertheless, based on the factors outlined above, the Directors remain confident that the Group will be able to secure the necessary funding and meet its liabilities as they fall due for a period of at least 12 months from the date of approval of the financial statements. Accordingly, the financial statements have been prepared on a going concern basis.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

2. Accounting policies (continued)

2.4 Turnover

Turnover represents the sale of goods and services which are measured at the fair value of the consideration received or receivable, excluding rebates, VAT and other sales taxes.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Turnover represents the fair value of consideration receivable for services provided in the ordinary course of the company's activities, net of value added tax and trade discounts.

Turnover from the provision of services is derived from AI-powered CAM programming, cycle time estimation, custom fixture design, and CNC machining services. Revenue is recognised in accordance with FRS 102 Section 23 (Revenue) by reference to the stage of completion of the contract at the reporting date, where the outcome of the contract can be estimated reliably.

Revenue is recognised only when it is probable that the economic benefits associated with the transaction will flow to the company and the amount of revenue can be measured reliably. Where the outcome of a contract cannot be estimated reliably, revenue is recognised only to the extent of recoverable costs incurred.

Amounts invoiced in advance of the provision of services are recognised as deferred income and included within creditors due within one year. Amounts recognised as revenue but not yet invoiced at the reporting date are included within accrued income.

Provision is made for any anticipated losses on contracts in full as soon as such losses are foreseen.

The company assesses contracts to determine whether they comprise a single performance obligation or multiple components, and allocates consideration accordingly where relevant.

2.5 Intangible assets

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	3 years straight line
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All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

2. Accounting policies (continued)

2.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses. Cost includes the purchase price and any directly attributable costs necessary to bring the asset into working condition for its intended use.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following basis:

Depreciation is provided on the following basis:

Leasehold improvements	- Over the term of the lease
Leased equipment	- Over the term of the lease
Computer and office equipment	- 3 years straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

Assets held under finance leases (leased equipment above) are recognised as tangible fixed assets at the commencement of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments.

The corresponding liability to the lessor is included within creditors. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the effective interest method.

The cost of the leased asset includes:

- the present value of future lease payments,
- any initial direct costs incurred, and
- any amounts expected to be payable under residual value guarantees.

Lease payments are discounted using the interest rate implicit in the lease, or, if this cannot be readily determined, the company's incremental borrowing rate.

Assets held under finance leases are depreciated over the shorter of the lease term and their useful economic lives, unless it is reasonably certain that ownership will transfer to the company, in which case they are depreciated over their useful lives.

Finance lease assets are subject to the same impairment review as owned assets.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

2. Accounting policies (continued)

2.7 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.9 Financial instruments

The Group has elected to apply the provisions of Section 11 "Basic Financial Instruments" of FRS 102 to all of its financial instruments.

The Group has elected to apply the recognition and measurement provisions of IFRS 9 Financial Instruments (as adopted by the UK Endorsement Board) with the disclosure requirements of Sections 11 and 12 and the other presentation requirements of FRS 102.

Financial instruments are recognised in the Group's Balance Sheet when the Group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other debtors, cash and bank balances, are initially measured at their transaction price (adjusted for transaction costs except in the initial measurement of financial assets that are subsequently measured at fair value through profit and loss) and are subsequently carried at their amortised cost using the effective interest method, less any provision for impairment, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other debtors due with the operating cycle fall into this category of financial instruments.

Other financial assets

Other financial assets, which includes investments in equity instruments which are not classified as subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

2. Accounting policies (continued)

2.9 Financial instruments (continued)

recognised transaction price. Such assets are subsequently measured at fair value with the changes in fair value being recognised in the profit or loss. Where other financial assets are not publicly traded, hence their fair value cannot be measured reliably, they are measured at cost less impairment.

Impairment of financial assets

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Financial assets are impaired when events, subsequent to their initial recognition, indicate the estimated future cash flows derived from the financial asset(s) have been adversely impacted. The impairment loss will be the difference between the current carrying amount and the present value of the future cash flows at the asset(s) original effective interest rate.

If there is a favourable change in relation to the events surrounding the impairment loss then the impairment can be reviewed for possible reversal. The reversal will not cause the current carrying amount to exceed the original carrying amount had the impairment not been recognised. The impairment reversal is recognised in the profit or loss.

Basic financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after the deduction of all its liabilities.

Basic financial liabilities, which include trade and other creditors, bank loans, other loans and loans due to fellow group companies are initially measured at their transaction price (adjusting for transaction costs except in the initial measurement of financial liabilities that are subsequently measured at fair value through profit and loss). When this constitutes a financing transaction, whereby the debt instrument is measured at the present value of the future payments discounted at a market rate of interest, discounting is omitted where the effect of discounting is immaterial.

Debt instruments are subsequently carried at their amortised cost using the effective interest rate method.

Trade creditors are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if the payment is due within one year. If not, they represent non-current liabilities. Trade creditors are initially recognised at their transaction price and subsequently are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

Other financial instruments

Derivatives, including forward exchange contracts, futures contracts and interest rate swaps, are not classified as basic financial instruments. These are initially recognised at fair value on the date the derivative contract is entered into, with costs being charged to the profit or loss. They are subsequently measured at fair value with changes in the profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

2. Accounting policies (continued)

2.9 Financial instruments (continued)

Debt instruments that do not meet the conditions as set out in FRS 102 paragraph 11.9 are subsequently measured at fair value through the profit or loss. This recognition and measurement would also apply to financial instruments where the performance is evaluated on a fair value basis as with a documented risk management or investment strategy.

2.10 Compound instruments

The component parts of compound instruments issued by the company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity net of income tax effects and is not subsequently remeasured.

2.11 Equity Instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

2. Accounting policies (continued)

2.12 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Research and Development Expenditure Credit (RDEC) is recognised in accordance with FRS 102 Section 11 (Basic Financial Instruments) when it is highly probable that the credit will be received and can be measured reliably.

RDEC relates to qualifying research and development activities undertaken by the company and is recognised in the period in which the related expenditure is incurred, provided the recognition criteria are met.

The credit is measured at the expected recoverable amount from HMRC and is presented within the taxation charge in profit or loss, reflecting the company's status as an R&D intensive SME.

2.13 Provisions

Provisions are recognised when an event has taken place that gives rise to a legal or constructive obligation, a transfer of economic benefits is probable and a reliable estimate can be made.

Provisions are measured as the best estimate of the amount required to settle the obligation, taking into account the related risks and uncertainties.

Increases in provisions are generally charged as an expense to profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

2. Accounting policies (continued)

2.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

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

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

2.15 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

2.16 Share-based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Group keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, profit or loss is charged with fair value of goods and services received.

2.17 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

2. Accounting policies (continued)

2.18 Government grants

Government grants are recognised in accordance with FRS 102 Section 24 when there is reasonable assurance that the company will comply with the conditions attaching to them and that the grants will be received.

Grant income is recognised in profit or loss on a receipts basis, reflecting the point at which the conditions for receipt have been met and there is reasonable certainty over entitlement.

Grants are presented within profit or loss in line with the related expenditure to which they relate.

2.19 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Indicators of Impairment

The Directors have reviewed the carrying value of tangible fixed assets, including Leasehold Improvements, Plant and Equipment and Leased Equipment, for indicators of impairment. Based on this review, no indicators of impairment were identified. The assets continue to be utilised in the business and are expected to generate economic benefits in line with their carrying values. Accordingly, no impairment charge is considered necessary.

Classification of Convertible Loan Notes

Judgement was applied in assessing whether the conversion option meets the definition of an equity instrument, including consideration of whether the option is settled by the issue of a fixed number of shares for a fixed amount. Based on this assessment, the Convertible Loan Notes have been classified as a compound financial instrument.

Recoverability of debtors

The Directors have assessed the recoverability of debtors, taking into account the ageing profile, historical default rates, specific knowledge of individual customers and cash received subsequent to the year end. Where appropriate, provisions have been made against balances considered doubtful. The Directors are satisfied that the net carrying value of debtors is recoverable.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Depreciation

In determining the carrying amount of tangible fixed assets at the period end, the directors were required to make an estimate on the useful economic life over which to depreciate these assets. The carrying amount is shown in the tangible fixed assets note below.

Share-based payments

The valuation of share-based payment arrangements involves the use of the Black-Scholes option pricing model, which requires the application of significant estimates and assumptions.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

3. Judgments in applying accounting policies (continued)

Key inputs into the model include the expected volatility of the company's share price, discounts applied to the company's share price, the expected life of the options, risk-free interest rates and assumptions regarding future performance conditions. Expected volatility is derived from available market data and comparable companies where appropriate, while the expected life of options reflects management's best estimate of the period over which the options will be exercised.

4. Turnover and other revenue

An analysis of turnover by class of business is as follows:

	2025 £	2024 £
Factory revenue	1,031,216	2,012,498
Software revenue	1,924,402	338,651
	<u>2,955,618</u>	<u>2,351,149</u>

All turnover arose within the United Kingdom.

5. Other operating income

	2025 £	2024 £
Government grants	1,102,484	1,366,313
RDEC income	-	709,513
	<u>1,102,484</u>	<u>2,075,826</u>

No RDEC income has been recognised in the current year. The company claimed SME R&D tax relief instead, and the benefit has been reflected as a tax credit in the statement of comprehensive income rather than other operating income.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

6. Operating loss

The operating loss is stated after charging/(crediting):

	2025 £	2024 £
Exchange gains	(6,479)	(14,485)
R&D costs	6,648,504	4,593,553
Depreciation	836,752	836,063
Amortisation	26,676	16,558
Profit on disposal on tangible fixed assets	(129,831)	(52,551)
Cost of stock recognised as an expense	150,351	(70,604)
Share-based payments charge	986,946	1,420,824
Operating lease charges	885,881	1,540,798

7. Auditor's remuneration

During the year, the Group obtained the following services from the Company's auditor:

	2025 £	2024 £
Fees payable to the Company's auditor for the audit of the consolidated and parent Company's financial statements	39,500	30,180
Non-audit services	9,000	9,482

8. Employees

Staff costs during the year were as follows:

	Group 2025 £	Group 2024 £	Company 2025 £	Company 2024 £
Wages and salaries	7,915,085	11,338,076	6,912,653	11,338,076
Social security costs	1,013,082	1,194,564	932,480	1,194,564
Pension costs	823,044	864,024	802,149	864,024
	<u>9,751,211</u>	<u>13,396,664</u>	<u>8,647,282</u>	<u>13,396,664</u>

The average monthly number of employees, including the directors, during the year was 91 (2024 : 125).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**
9. Directors' remuneration

	2025 £	2024 £
Remuneration for qualifying services	318,479	302,956
Company pension contributions to defined contribution schemes	20,303	14,000
	<u>338,782</u>	<u>316,956</u>

The highest paid director received remuneration of £143,940 (2024: £166,250).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £20,303 (2024: £14,000).

10. Interest payable and similar expenses

	2025 £	2024 £
Other interest on financial liabilities	1,350,733	-
Interest on finance leases and hire purchase contracts	78,073	550,658
	<u>1,428,806</u>	<u>550,658</u>

Other interest arose on the loan disclosed in note 17.

11. Taxation

	2025 £	2024 £
Corporation tax		
Current tax on profits for the year	(1,752,816)	(524,628)
	<u>(1,752,816)</u>	<u>(524,628)</u>
Total current tax	<u>(1,752,816)</u>	<u>(524,628)</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2024 - *lower than*) the standard rate of corporation tax in the UK of 25% (2024 - 25%). The differences are explained below:

	2025 £	2024 £
Loss on ordinary activities before tax	(16,642,779)	(18,727,053)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 25% (2024 - 25%)	(4,160,695)	(4,681,763)
Effects of:		
Expenses not deductible for tax purposes	249,479	355,714
Enhanced deductions & reliefs	(1,456,279)	(999,616)
Capital allowances in excess of depreciation not recognised	220,246	13,847
NTLR (deficit) / surplus	270,791	(73,640)
Other movements	(37,848)	16,076
Unrecognised deferred tax on losses	4,923,800	5,369,382
Overseas results not subject to UK tax	(9,494)	-
SME R&D tax credits	(1,752,816)	(524,628)
Total tax credit for the year	(1,752,816)	(524,628)

	Taxable trading losses £	Accelerated capital allowances £	Other provisions £	Total £
As at 1 January 2025	14,360,856	(450,619)	64,684	13,974,921
Movement in year	2,172,495	188,380	3,837	2,357,037
As at 31 December 2025	16,533,351	(262,240)	60,847	16,331,958

The deferred tax asset as at 31 December 2025 of £16,331,958 (31 December 2024: £13,974,921) has not been recognised. Under FRS 102, deferred tax assets are recognised only to the extent that it is probable that sufficient taxable profits will be available against which the deductible temporary differences can be utilised.

The recognition of a deferred tax asset requires an assessment of the availability of future taxable profits, taking into account forecast performance, the reversal of existing taxable temporary differences and the availability of tax planning opportunities.

Based on the information currently available, including the level and timing of forecast taxable profits, the Directors consider that there is insufficient evidence that adequate taxable profits will arise in the foreseeable future to utilise these losses. Accordingly, the deferred tax asset has not been recognised in the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

12. Intangible assets**Group and Company**

	Software £
Cost	
At 1 January 2025	141,026
Additions	2,996
At 31 December 2025	<u>144,022</u>
Amortisation	
At 1 January 2025	84,217
Charge for the year on owned assets	26,676
At 31 December 2025	<u>110,893</u>
Net book value	
At 31 December 2025	<u><u>33,129</u></u>
At 31 December 2024	<u><u>56,809</u></u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**
13. Tangible fixed assets**Group and Company**

	Leasehold Improvements £	Computer Equipment £	Leased Equipment £	Total £
Cost or valuation				
At 1 January 2025	958,597	2,297,335	2,067,787	5,323,719
Additions	-	101,117	-	101,117
Disposals	-	(170,129)	(627,075)	(797,204)
At 31 December 2025	958,597	2,228,323	1,440,712	4,627,632
Depreciation				
At 1 January 2025	453,561	1,450,293	1,002,211	2,906,065
Charge for the year	121,613	409,456	305,683	836,752
Disposals	-	(154,865)	(569,035)	(723,900)
At 31 December 2025	575,174	1,704,884	738,859	3,018,917
Net book value				
At 31 December 2025	383,423	523,439	701,853	1,608,715
At 31 December 2024	505,036	847,042	1,065,576	2,417,654

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**
14. Stocks

	Group 2025 £	Group 2024 £	Company 2025 £	Company 2024 £
Raw materials	294,315	52,313	294,316	52,313
Work in progress	114,932	259,703	114,932	259,703
	409,247	312,016	409,248	312,016

No provisions have been recognised against stock.

15. Debtors

	Group 2025 £	Group 2024 £	Company 2025 £	Company 2024 £
Due after more than one year				
Other debtors	169,856	169,856	169,856	169,856
	169,856	169,856	169,856	169,856
Due within one year				
Trade debtors	808,107	608,678	808,107	608,678
Tax recoverable	1,752,816	1,207,068	1,752,816	1,207,068
Other debtors	193,329	342,423	193,329	342,423
Prepayments and accrued income	417,511	499,715	417,511	499,715
	3,171,763	2,657,884	3,171,763	2,657,884

No provisions have been recognised against trade debtors.

Debtors due after more than one year have been included in current assets in the Statement of Financial Position as they are immaterial.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**
16. Creditors: Amounts falling due within one year

	Group 2025	Group 2024	Company 2025	Company 2024
	£	£	£	£
Bank loans and overdrafts	-	4,870	-	4,870
Hire purchase contracts	325,030	324,291	325,030	324,291
Trade creditors	1,370,733	945,032	1,367,021	945,032
Other taxation and social security	819,620	298,409	814,158	298,409
Other creditors	158,754	499,005	158,744	499,005
Amounts owed to group undertakings	-	-	39,606	-
Accruals and deferred income	2,954,651	846,409	2,954,651	846,409
	5,628,788	2,918,016	5,659,210	2,918,016

17. Loans and overdrafts

	Group 2025	Group 2024	Company 2025	Company 2024
	£	£	£	£
Bank overdrafts	-	4,870	-	4,870
Other loans	5,000,000	5,000,041	5,000,000	5,000,041
	5,000,000	5,004,911	5,000,000	5,004,911
Payable within one year	-	4,870	-	4,870
Payable after one year	5,000,000	5,000,041	5,000,000	5,000,041

The loan is secured on the assets of the company. The facility is repayable over five years, with repayments starting in the year ending 31 December 2026. Interest is payable at 6% plus compound reference rate.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

18. Creditors: Amounts falling due after more than one year

	Group 2025 £	Group 2024 £	Company 2025 £	Company 2024 £
Convertible loans	10,712,033	7,577,622	10,712,033	7,577,622
Finance lease obligations	453,427	922,193	453,427	922,193
Other borrowings	5,302,898	5,000,041	5,302,898	5,000,041
	16,468,358	13,499,856	16,468,358	13,499,856

There is a fixed and floating charge over the patents, all of the property and undertakings of the company. This is held by Banco Santander, S.A and was issued on 17 July 2024.

19. Convertible loan notes

	Group 2025 £	Group 2024 £	Company 2025 £	Company 2024 £
Liability component of convertible loan notes	10,712,033	7,577,622	10,712,033	7,577,622
Equity component of convertible loan notes	7,353,067	5,945,738	7,353,067	5,945,738

The net proceeds received from the issue of the convertible loan notes have been split between the financial liability element and an equity component, representing the fair value of the embedded option to convert the financial liability into equity.

The liability component is measured at amortised cost, and the difference between the carrying amount of the liability at the date of issue and the amount reported in the Balance Sheet represents the effective interest rate less interest paid to that date.

The effective rate of interest is 10%.

During the year, an increase of £1,407,330 (2024 (restated): £4,558,944) was recognised in the equity component of the company's convertible instrument, reflecting the reassessment of the split between liability and equity and has been credited to other reserves.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

20. Finance lease obligations

Future minimum lease payments due under finance leases:

	2025 £	2024 £
Within one year	325,030	324,291
In two to five years	453,427	922,193
	<u>778,457</u>	<u>1,246,484</u>

Finance lease payments represent rentals payable by the company for certain items of equipment. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 2.6 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

21. Provisions for liabilities

Group and Company

	2025 £
At 1 January 2025	195,269
Charged to profit or loss	(23,930)
At 31 December 2025	<u>171,339</u>

Provisions for dilapidations have been made for CloudNC's Head Office and Factory, with leases ending on 30 June 2027 and 26 October 2033. These provisions cover the obligation to restore the properties to their original condition. The estimated costs and timing of the work are uncertain and will depend on factors such as repair costs and property condition at lease end.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

22. Retirement benefit schemes

	Group 2025 £	Group 2024 £	Company 2025 £	Company 2024 £
Defined contribution schemes				
Charge to profit or loss in respect of defined contribution schemes	837,044	864,024	816,149	864,024
	837,044	864,024	816,149	864,024

The company operated a defined contribution pension scheme for all qualifying employee. The assets of the scheme are held separately from those of the company in an independently administered fund.

23. Share-based payments

	Weighted average exercise price (pence) 2025	Number 2025	Weighted average exercise price (pence) 2024	Number 2024
Outstanding at the beginning of the year	0.01	2,860,071	0.01	2,577,135
Granted during the year	0.01	1,010,588	0.01	655,075
Exercised during the year	0.01	(83,470)	0.01	(345,460)
Expired during the year	0.01	-	0.01	(26,679)
	0.01	3,787,189	0.01	2,860,071
Outstanding at 31 December 2025				
Exercisable at 31 December 2025	0.01	2,370,007	0.01	1,997,113
		2,370,007		1,997,113

The options outstanding at 31 December 2025 had a remaining contractual life of 1-5 years.

During the year, the company recognised total share-based payment expenses of £986,946 (2024: £1,420,824), which related to equity settled share based payment transactions.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

24. Share capital

	2025 £	2024 £
Allotted, called up and fully paid		
12,083,470 (2024 - 12,000,000) Ordinary shares of £0.000010 each	123	120
800,000 (2024 - 800,000) A Ordinary shares of £0.000010 each	8	8
3,000,000 (2024 - 3,000,000) Seed shares of £0.000010 each	30	30
5,700,000 (2024 - 5,700,000) Preferred shares of £0.000010 each	57	57
7,200,000 (2024 - 7,200,000) A-1 Ordinary (preferred) shares of £0.000010 each	72	72
1,300,000 (2024 - 1,300,000) A-2 Ordinary (preferred) shares of £0.000010 each	13	13
1,800,000 (2024 - 1,800,000) A-3 Ordinary (preferred) shares of £0.000010 each	18	18
800,000 (2024 - 800,000) A-4 Ordinary (preferred) shares of £0.000010 each	8	8
2,800,000 (2024 - 2,800,000) A-5 Ordinary (preferred) shares of £0.000010 each	28	28
	357	354

All share classes in issue carry no right to fixed income and full voting rights. The preferred shares carry no right of redemption and also carry antidilution rights and liquidation preferences.

Ordinary shares carry one vote per share, rights to dividends as declared, and rights to a share of residual assets on winding up, with no specific restrictions attached.

During the year, 83,470 ordinary shares of £0.01 each were issued on the exercise of share options. The related £835 increase in share premium also arose from the exercise of these options.

A small portion of the movement in share capital and share premium relates to the correction of an immaterial prior year error. The prior year share capital figure contained a £2.17 understatement, and the remaining £11,210 of the £12,044 total movement in share premium reflects the correction of the brought forward balance. The impact of this error is not material, and therefore no prior year restatement has been made.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

25. Reserves

The group and company's capital and reserves are as follows:

Called up share capital

Called up share capital represents the nominal value of the shares issued.

Share premium account

The share premium account records the amount above the nominal value received for shares issued, less transaction costs.

Other reserves

Other reserves represent the equity component recognised on the issue of Convertible Loan Notes, being the residual amount after separating the liability component in accordance with applicable accounting standards (see note 19).

Share-based payment reserve

The share-based payment reserve represents the cumulative charge recognised in respect of equity-settled share-based payments, in accordance with applicable accounting standards (see note 23).

Accumulated losses

The accumulated losses account represents cumulative profits or losses, net of dividends paid and other adjustments.

26. Financial commitments, guarantees and contingent liabilities

The company has contingent liabilities of £138,835 (2024: £138,835) as a condition of deferrals of some of the capital repayments on a loan included within other creditors. The fee is payable on an Exit event as defined in the original instrument and has been recognised as a contingent liability as the likelihood of a Exit event has been deemed as higher than remote but less than probable.

27. Commitments under operating leases

At 31 December 2025 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2025 £	Group 2024 £	Company 2025 £	Company 2024 £
Not later than 1 year	1,286,510	3,327,304	1,286,510	3,327,304
Later than 1 year and not later than 5 years	3,411,714	1,971,073	3,411,714	1,971,073
Later than 5 years	1,578,147	42,604	1,578,147	42,604
	<u>6,276,371</u>	<u>5,340,981</u>	<u>6,276,371</u>	<u>5,340,981</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

28. Related party transactions

During the year, the Company paid £40,039 to Opoyo Limited for consulting services. Opoyo Limited is a related party as it is controlled by a director of CloudNC Ltd. There were no amounts outstanding or payable to Opoyo Limited at the year end. Key management personnel, including directors, received total remuneration of £848,103 during the year.

29. Prior year restatement

During the year, the Company identified an error in the classification of the equity component of convertible loan notes ("CLNs"), which had previously been included within share premium. In accordance with FRS 102 Section 22, this has been reclassified to "other reserves".

The prior year comparatives have been restated in line with FRS 102 Section 10. There is no impact on profit or loss or total equity.

The effect of the restatement is as follows:

	2024 (restated)	2024 (previously reported)	2023 (restated)	2023 (previously reported)
Share premium	£66,749,050	£72,694,788	£66,606,595	£68,003,389
Other reserves	£5,945,738	-	£1,396,794	-

In the current year, £7,353,067 has been recognised within other reserves in respect of the equity component of CLNs.

30. Events after the reporting date

Subsequent to the reporting date, the company issued Convertible Loan Notes totalling £1,995,592.

This transaction represents a non-adjusting event under FRS 102 Section 32, as it relates to financing arrangements entered into after the reporting date and does not reflect conditions existing at that date. Accordingly, the transaction has not been recognised in these financial statements.

The proceeds have been raised to support the company's ongoing activities. The loan notes are convertible into equity in accordance with the terms of the agreement