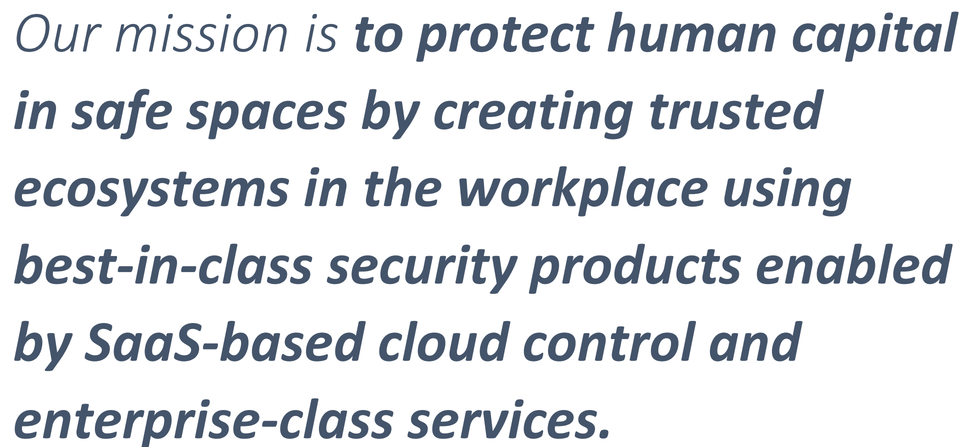
Newmark
SECURITY PLC

YEAR ENDED
30 APRIL 2024

Report & Financial Statements



With the right strategy, the right team and disciplined orchestration, we continue to execute our plan with great success, energised by our customers and partners, and optimistic for our future focused on the many growth opportunities ahead.

Marie-Claire Dwek, CEO

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ABOUT NEWMARK SECURITY

Newmark helps organisations to protect human capital in safe spaces, with secure cloud control of their people's access, time keeping and identity data at work.

Safe. Seamless. Secure.

Newmark Security PLC (AIM:NWT) delivers long-term shareholder value through the provision of products and services in the security and enterprise data sectors. From its locations in the UK and North America, Newmark operates through subsidiary businesses that are well-positioned in specialist, high-growth markets with a reputation for innovation and quality leadership established through 25 years of engineering excellence.

Grosvenor Technology serves the Access Control and Human Capital Management markets globally, providing cloud-controlled solutions that combine hardware, software and services to collect and secure people's access, time keeping and identity data at work. These solutions help companies maintain privacy, ensure compliance and reduce operating costs, and are increasingly provisioned as-a-service through recurring subscriptions.

Safetell provides physical security installations and services to numerous end-users across the public and private sectors, with a broad product portfolio ranging from Entrance Control and Automatic Doors to a wide array of Building and Asset Protections solutions. Safetell works collaboratively with clients to design complete security solutions which builds long-standing relationships, high degrees of customer retention and significant proportions of repeat business.

As a leading provider of electronic and physical security systems, Newmark's products and services have become the industry standard in people and data security in the workplace. Our solutions help organisations to ensure people feel *safe* in their environment, can *seamlessly* access workspaces to be productive, and have the essential reassurance that their identity data is kept *securely*, in compliance with the most stringent data protection measures.

Newmark benefits from long-term relationships with many blue-chip customers and incremental partnerships with influential software vendors, particularly in North America. By continuously investing in innovative technology for high-growth security markets that focus on protecting human capital, the Newmark strategy is generating an increasing proportion of its revenues from recurring services, building a business that has long-term stability and sustainability at its core.

AT A GLANCE

Year ended 30 April 2024

Newmark
SECURITY PLC

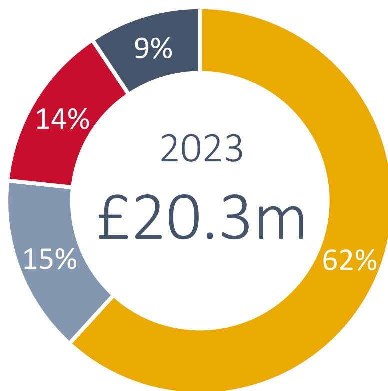
Grosvenor
TECHNOLOGY

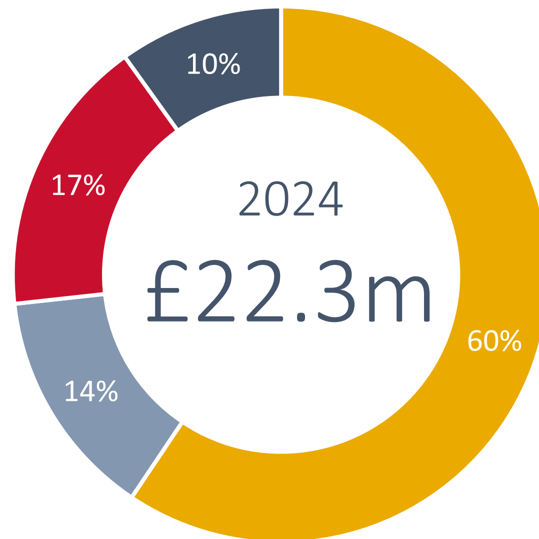
Safetell
SECURITY | MAINTENANCE

Revenue	People & Data Management *Division*	Physical Security Solutions *Division*
£22.3m	£16.5m	£5.8m
+10% (2023: £20.3m)	+6% (2023: £15.6m)	+23% (2023: £4.7m)

Revenue split by division and line of business

- HCM
- Access Control
- Safetell Products
- Safetell Service





Employees	Locations
102	5
3% (2023: 99)	(2023: 5)

HIGHLIGHTS

Year ended 30 April 2024

Revenue	Gross profit margin	EBITDA
£22.3m	38.5%	£2.2m
+10% (2023: £20.3m)	+0.9% pts (2023: 37.6%)	+50% (2023: £1.5m)
Profit from operations	**Profit after tax**	**Earnings per share**
£0.8m	£0.1m	1.4p
(2023: £0.3m)	(2023: £0.4m)	(2023: 3.8 pence)
Cash generated from operations	**Investment in development**	**Bank net debt (excludes leases)**
£2.8m	£0.4m	£2.0m
(2023: £1.7m)	(2023: £0.5m)	(2023: £3.3m)
People & Data Management *Division Revenue*	**HCM** *Revenue*	**Access Control Revenue** *Revenue*
£16.5m	£13.5m	£3.0m
+6% (2023: £15.6m)	+7% (2023: £12.6m)	-0% (2023: £3.0m)
Annual Recurring Revenue *from HCM SaaS and ClaaS*	**Access Control – Janus C4 Revenue**	
£2.9m	£2.1m	
+28% (2023: £2.1m)	+20% (2023: £1.7m)	
Physical Security Solutions *Division Revenue*	**Products** *Revenue*	**Service** *Revenue*
£5.8m	£3.7m	£2.1m
+23% (2023: £4.7m)	+30% (2023: £2.8m)	+11% (2023: £1.9m)

Newmark
SECURITY PLC

Strategic Report

CHAIRMAN'S STATEMENT

Overview

The year to 30 April 2024 ("FY24") has been another impressive period for Newmark, characterised by objectives met and results achieved in each area of our growth strategy. Strengthened by notable key partnership successes, and markets that have responded favourably as we launched even more competitive full-service propositions, our teams have been busy converting this into measurable success, driving positive revenue growth across every territory, from North America to the UK, Europe and the Rest of World.

Following previous years' considerable efforts expended in navigating post-pandemic recovery, global impacts and turbulence in the supply chain, we are now seeing our resilience and hard work pay-off in the form of a committed and confident team delivering to a consistent plan that is clearly working.

As our security solutions become ever more relevant and valuable to customers, our continuously improving results reflect the progress we have made in serving customers and partners. Our cautious and selective approach translates into sustainable long-term relationships by targeting and nurturing those who appreciate the speed and responsive nature of our services, the quality of our products and the agility with which we are able to shape and adapt our solutions to precisely meet their needs. This of course has been greatly improved by our investment in software and systems, most notably our GT Connect platform that is enabling us to scale with confidence at the pace of our human capital management (HCM) partners. As they expand and accelerate to meet their own ambitions, we can respond, elevating our role above other suppliers and manufacturers to become a trusted partner highly supportive of their own strategies for growth. As a crucial key to the next stage of our scaling journey, this approach has already led to important gains in share-of-wallet, giving us the privilege to serve some of our major global partnerships exclusively, a position we will work hard to expand and protect in the months and years to come.

Board and governance

The Board and its Committees continue to maintain a robust governance framework, supported by an experienced leadership team.

We follow the Quoted Companies Alliance Corporate Governance Code (QCA Code), and details on how the Company applies the principles of the QCA Code are set out in our Corporate Governance section on pages 31 to 34.

Going concern

The Board continues to have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Following the pandemic, we have driven a robust recovery by delivering year-on-year growth to return to a healthy cash generative position. Growing levels of recurring revenues provide increasing stability in our outlook and, whilst we continue to closely monitor global macroeconomic events, supply chain issues have eased the pressure to hold additional inventory of stock and components, further easing cashflow.

We are optimistic that our growth will continue in the next 12 months, supported by the investments we have made in FY23 and FY24. A full analysis of the Group's going concern assessment is included in the Directors' Report on page 35. Accordingly, the directors consider it appropriate to prepare the accounts on a going concern basis.

Dividend

The Board is not recommending the payment of a dividend for the year ended 30 April 2024 (2023: £Nil).

Outlook

The Group is in good health and performing well. I am delighted with the focus, optimism and diligence displayed by the team as we continue charting our progress, expanding our opportunities and accelerating our growth.

In our People and Data Management division, Grosvenor, as we benefit from important new relationships gained in FY24 we anticipate the year ahead will deliver further positive gains encouraged by the high quality of our solutions and increasingly invaluable nature of our services. This has put us in a compelling position to add holistic value to our partners and become strategically critical, acting as a trusted enabling partner and supporting them in a globally ambitious context. Targeting further growth in subscriptions and recurring revenues will be a natural consequence of our partner-focused scaling approach.

Our Physical Security Solutions division, Safetell, is also very well-positioned to make a positive contribution to group margin in FY25, with enhanced products, services and reference projects that bring confidence to an exciting pipeline of prospects, whilst pursuing its strategy to prioritise the development and transition to long-term recurring revenues from auto-door servicing.

As before, and evidenced by the progress made in FY24, I remain entirely convinced of the strategy and positive outlook for growth ahead. The Executive Team and our many talented employees have worked hard to put both divisions in a strong position in each of their respective markets and this is now showing in our results, with significant further gains to come. Once again, we are forecasting revenue growth for the coming year and year-to-date results indicate that we are on target to achieve this.

On behalf of the Board, I would like to extend my thanks for all the hard work and dedication shown by our teams in what has been another highly productive year, outgrowing previous losses and legacy transitions, and out-competing numerous other suppliers to win more business with our partners. The broadening array of opportunities this presents us with enables us to drive forward with great confidence and address an exciting market opportunity. I look forward to adding 2025 to a series of many successful years ahead.

Maurice Dwek
Chairman

9 September 2024

GT4

GT8

GT10

GT CONNECT

Data & Device Management Made Simple

Cloud Platform

Remote Device Management

Identity Management

System Management

Data Management

Remote Device Diagnostics

Technical Support

GT PROTECT

Maximize & Protect Your Investment

Lifetime Warranty

Lifetime Hardware Warranty & Replacement

Priority Technical Support to Partners

Setup Assistance and Support to End-Users

Grosvenor TECHNOLOGY

GT SERVICES

Creating recurring subscriptions

Lifetime Warranty

Every clock includes an enhanced warranty for the lifetime of the device, providing you with complete peace of mind. This guarantees a like-for-like replacement to your specified location, no quibble.

Simple, Unified Control

Harnesses the power and protection of the cloud to provide a simplified ecosystem that not only streamlines your data and device management but also ensures compliance with data and privacy regulations.

Safetell
SECURITY | MAINTENANCE

Auto-doors & Entrances

Screens & Counters

Building Security & Asset Protection

Complete Physical Security Solutions

Safetell is the UK's leading provider and installer of fully-integrated physical security solutions with accredited products, comprehensive services, certified maintenance engineers and responsive customer support
– all in one place.

CHIEF EXECUTIVE OFFICER'S REVIEW

Overview

I am delighted to report on another year of successful growth and am extremely proud of the way in which it has been achieved by our hard-working team pursuing a clearly defined strategy with enormous focus and dedication.

Once again, numerous performance gains across the Group were added as the positive momentum of FY23 continued throughout FY24 in both the People and Data Management and Physical Security divisions, resulting in healthy year-on-year revenue growth with improved profitability. This is testament to the disciplined execution of precise strategies being implemented across both divisions to drive customer acquisition, growth in recurring revenues and enhanced customer service.

In a year where we onboarded the largest number of new clients in our history, we look forward to the opportunities this presents for an even bigger year ahead, and I am enormously proud and grateful for what our team has accomplished together.

Performance

Group revenue grew again, increasing by 10% year-on-year to £22.3 million (2023: £20.3 million) with gross profit also increasing, up 12% to £8.6 million (2023: £7.6 million). This was driven by positive performances in both divisions.

With HCM sales in FY24 matching last year's success, up by 7% to £13.5 million, Grosvenor again delivered an improved gross margin of 39.7% contributing a gross profit of £6.5 million (2023: 38.6%, £6.0 million).

Access Control delivered a flat performance at £3.0 million, balancing strong sales of Janus C4 which increased by 20% to £2.1 million (2023: £1.7 million), whilst managing a migration from our Legacy Janus and Sateon Advance products. The net effect was to neutralise the migration-related decrease of 3% experienced in 2023, with this upward trend set to continue.

Safetell revenues grew by an impressive 23% to £5.8 million building quickly on the modest but important growth turnaround achieved in FY23. Benefitting from consistent execution of its strategy to deploy an enhanced range of products, product revenues rose by 30% to £3.7 million. Service revenues grew by 11.5% to £2.1 million, as the business succeeded in positively balancing strong new business growth with continued decline in demand for legacy rising screen services in the banking sector.

Safetell also delivered a 0.9% points improvement in gross margin in FY24, growing to 35.3%, contributing a gross profit of £2.1 million (2023: £1.6 million). Whilst this division is yet to return to full profitability this result confirmed its upward trajectory. Safetell is set to continue this growth via scaling up recurring revenues through new servicing contracts, supplemented by a growing pipeline of high margin installations and the deployment of identified new products and services.

Financial

The Group's cash at 30 April 2024 was £1.1 million (30 April 2023 cash: £0.6 million). This increase was due to an improvement in operating cashflows driven by higher revenues and increasing margins, particularly in the second half of the year.

FY24 cashflows were also helped by an easing of inventory levels following the building up of positions over the last couple of years to mitigate against the supply chain challenges which have now eased.

The Group currently has capacity within its UK and US invoice financing facilities to provide further working capital headroom as the Group continues to grow. Banking net debt at 30 April 2024 was £2.0 million (30 April 2023: £3.3 million).

With the oversight of our CFO, Paul Campbell-White, we continue to exercise strong commercial controls, ensuring that sound financial discipline underpins our operations, and all investment decisions are aligned with our strategic goals.

Divisional highlights

People and Data Management division – Grosvenor Technology

The HCM division within Grosvenor delivered solid growth in both the US and Rest of World territories. This was achieved despite the anticipated ending of the UKG contract, which stopped contributing to revenues in Q3 FY23. This growth was driven by winning three new customers earlier in the year, which contributed to a stronger H2, as well as the cross-selling of new products to existing customers and several key initiatives aimed at increasing our share-of-wallet.

Our innovation efforts with GT Connect and the drive to attach services to all devices, as well as launching an entry-level proposition combining device, software and services, has produced substantial results creating enhanced value for our partners and enabling us to become the sole supplier in key strategic accounts.

Grosvenor's strategy to attach services to all devices is creating a transformative cumulative effect, accelerating the transition to a 'hardware-enabled software and services' business, underlined by customer subscriptions growing ARR by 28% to £2.9 million for April 2024 (April 2023: £2.1 million).

This shift has also enabled the planned launch of GT Time, our new Direct-to-Enterprise (D2E) offering. This will enable us to target the global workforce management marketplace by partnering with established technology leaders operating in this space. Signing a partnership agreement with the first of these operators, Oracle, in Q4 FY24 is a hugely exciting milestone that we have carefully planned to explore in FY25.

Recognising the growth opportunity that the US market presents, earlier in the year Grosvenor successfully relocated its US headquarters to a much larger facility in Florida, whilst third-party logistics have also been brought in-house, which has improved the ability to serve customers to a higher standard and enables more control in servicing customers and their growing needs.

Physical Security Solutions division – Safetell

Safetell delivered encouraging revenue growth supported by a strong performance in both halves of the year. The division continues to execute its strategy to broaden its customer base and grow its revenues from service and maintenance work in the UK auto-door servicing market. This segment grew by an impressive 51% during the year, adding important new partnerships and contracts.

Safetell has also been targeting new sectors such as retail and critical public services, where there is strong demand for physical security solutions. At the same time, it has been developing new strategic partnerships and product lines. In keeping with its strategic plan, Safetell has achieved very high growth in the Entrance Control market with a 74% increase in new sales orders, developing new partnerships in construction and direct sales to end-users. Operationally, it has made important improvements to the processes of product delivery and installation, which have helped to reduce costs and therefore improve margins.

Outlook

In an HCM market environment that has been welcoming of our strategy to attach services and deliver our full-service proposition across a range of price points, we are excited about the opportunities for building in our markets and the promising sales pipeline for the year ahead.

We expect a number of important new partnerships, added in FY24, to begin ramping up orders in FY25 as they win new clients with the addition of our compelling combined proposition. This is further encouraged by our ability through GT Connect to empower them to easily and powerfully deliver new services to their end-users and customers.

Whilst we remain cautious in our approach, excitement is also building to see how the D2E market responds as we launch our direct proposition, GT Time, in partnership with Oracle.

With data security and compliance driving strong market demand, this is an opportunity which we will continue to research and explore, to understand and map the service expansion opportunities that are possible by delivering managed compliance and more advanced biometrics-as-a-service.

In Access Control, we continue to balance the transition from Sateon Advance and Legacy Janus towards the rapid growth of Janus C4, as we push further in partnership with Gamanet, to launch the new hybrid-cloud Janus C4 Ultra, a pioneering new product with significant market potential.

As we continue to monitor macroeconomic events closely, the expert systems and processes used to monitor our supply chain and control inventory will continue to be managed tightly. This will

ensure we maintain our increasing edge in customer delivery, made easier through our new US location, as well as taking opportunities to improve stock turnover and cashflow where possible, just as we did this year.

Equally encouraging prospects exist in Safetell, with key reference projects delivered in FY24 that we are expecting to leverage and convert into further growth in FY25. This includes a particular focus on critical infrastructure hardening projects, driven by a number of external factors, that may have the potential to drive a network effect.

We will also continue to complete and extend reference projects for a number of major brands operating nationwide building estates, seeking to upgrade entrance controls and entrances to the consistently high standards we have demonstrated and installed with our new range of products.

As already mentioned, building incremental recurring revenues in Door Services will remain central to our plan, expanding regional and national partnerships and adding new contracts. This includes reviewing the opportunity to extend our capability to include the servicing of security shutters, a key component of many auto-door servicing contracts that we are now beginning to explore.

Strategy

We enter FY25 in great shape, full of confidence that continued focus on our strategy will sustain our positive performance and help us extend our leadership in the fast-growing segments in which we operate.

Our focus on converting recurring revenues across both divisions continues, supported by our investments in services and software that are unlocking these opportunities at an accelerated rate.

Having already achieved much of what we set out in our original 2021 Growth Strategy, we enter FY25 having approved a strategic business plan outlining how we expect to grow over the next five years (the “2029 Strategic Growth Plan”). The 2029 Strategic Growth Plan includes stretching internal targets for revenue and EBITDA growth, as well as lowering debt and increasing net assets.

With many operational improvements now accomplished, an excellent team in place and a commitment to a set of clearly defined strategies that have already proven successful in practice, we have returned the business to a position of strong cash generation. In the immediate near-term, we will seek to leverage this position wisely and remain undistracted in our focus to continue driving this growth using the same formula, grateful and appreciative of the encouragement that investors are giving us.

With the right strategy, the right team and disciplined orchestration, we continue to execute our plan with great success, energised by our customers and partners, and are optimistic for our future focused on the many growth opportunities ahead.

Marie-Claire Dwek
Chief Executive Officer

9 September 2024

OUR DIVISIONS –

PEOPLE AND DATA MANAGEMENT

Revenue information

£'000	2024	2023	Increase/ (decrease)	Percentage change
HCM North America	9,443	8,830	613	7%
HCM Rest of World	4,009	3,721	288	8%
Total HCM	**13,452**	**12,551**	**901**	**7%**
Janus C4	2,083	1,729	354	20%
Sateon Advance	903	1,063	(160)	(15%)
Legacy Janus	31	231	(200)	(87%)
Total Access Control	**3,017**	**3,023**	**(6)**	**(0%)**
Division Total	**16,469**	**15,574**	**895**	**6%**

Performance overview

Grosvenor Technology (Grosvenor) is a market leader in timeclocks, access and identity data control for the Human Capital Management (HCM) and Access Control markets, helping organisations to protect and manage their most valuable assets – people in the workplace.

Once again, FY24 has been another solid year of progress with top line revenue growth of 6% to £16.5 million (2023: £15.6 million), an increase of £0.9 million driven by strong growth of the HCM business and our expanding relationships with software partners, which have been strengthened in both the US and the European market.

Execution against a five-pillar growth strategy, conceived to underpin the Group's 2029 Strategic Growth Plan with a clear operational focus, has yielded extremely positive results. Hardware product sales, led by the GT8 and GT4 units, exceeded annual planned targets in both the North American and Rest of World (ROW) markets. US-based HCM sales grew by 7% to reach revenues of £9.4 million (2023: £8.8 million). This was matched by equivalent progress with key European HCM partners, as ROW markets delivered similar underlying growth of 8% to reach revenues of £4.0 million (2023: £3.7 million), resulting in a 7% year-on-year improvement in HCM revenues overall.

HCM recurring subscriptions grew by 23% year-on-year, reaching 30,639 subscriptions by year-end, representing an exit ARR of £2.9 million (2023: £2.1 million), an increase of 28% on FY23.

In addition to this growth, significant strategic progress has been achieved in developing our partnerships and establishing our cloud control technology, GT Connect, at the centre of our market leading proposition. This has led to important gains in share-of-wallet, with new product-service combinations propelling us to replace global competitors operating at the lower end of the market for the first time. It has also enabled the launch of new Direct-to-Enterprise (D2E) offerings that are marketplace-ready, with per-employee pricing. Our recent partnership with one of the world's leading workforce management technology brands, Oracle is a hugely significant milestone that opens a very exciting opportunity as we begin exploring the global D2E marketplace in FY25.

Access Control delivered a flat performance at £3.0 million. This was the result of balancing the strong growth in sales of Janus C4, increasing by 20% to £2.1 million (2023: £1.7 million) adding £0.4 million revenues, whilst managing a migration from our Legacy Janus and Sateon Advance products, which reduced by a combined £0.4 million. Whilst the outturn fell slightly below expectations, it neutralised the migration-related decrease of 3% experienced in 2023. The continued strong performance of Janus C4 and the opportunity to upgrade a number of key national accounts bodes well for a more positive FY25 and a return to stronger growth with the

anticipated launch of our Janus C4 Ultra product.

Across the division, combined gross margin grew by 1.1% points to 39.7% (2023: 38.6%), increasing gross profit by £0.5 million to £6.5 million (2023: £6.0 million). This improvement was largely achieved through customer price increases and cost control measures. Cost reductions were achieved by lowering manufacturing and logistics costs with the normalisation of componentry prices returning to pre-pandemic levels.

Overall, the strong performance in HCM product sales drove a divisional gain that provides a positive financial backdrop to what has been a substantial year of execution and evolution, with operational gains and strategic successes that will continue to propel Grosvenor throughout the next phase of growth and beyond FY25.

Five-pillar growth strategy drives operational gains and partnership success

Beneath the numbers, the five-pillar growth strategy drove focused execution that saw important gains in all aspects of Grosvenor operations. The clear success of this approach in FY24 will now see it extended as part of the new 2029 Strategic Growth Plan as it continues to guide the delivery of our all-round performance.

Headline progress against the five pillars in FY24 was as follows.

1. Continue: Underpinning HCM growth and a core tenet of growth in the previous five years, the Continue pillar has again been extremely successful in FY24, with significant gains in the US and Europe, driving growth that exceeded the impact of replacing the UKG contract which ended, as anticipated, in FY23. This included increased demand from existing customers and the onboarding of three new large US-based partners in the latter part of the year. There is also a strong pipeline of new partners in prospect for FY25.

2. Attach: As planned, throughout FY24, we attached services to hardware sales with all our new partners, substantially strengthening our position by embedding our market leading solutions, rapidly integrated and fully controlled by our GT Connect software. GT Services provides a compelling all-round proposition that adds significant value to our subscriptions that is hard for competitors to match. This includes GT Protect which sustains long-term relationships by protecting investments with guaranteed costs and highly responsive reverse logistics. We will expand on this offer further in FY25 by proactively offering to new and existing customers "direct-to-customer" fulfilment from our logistics centres in the US and UK, effectively allowing our partners to fully outsource all aspects of fulfilment to us. This differentiated positioning, beyond device manufacturer to trusted solutions and biometric data service provider, helps us to build incrementally for the future by accelerating recurring revenue-based subscription growth as well as increasing customer stickiness as a strategic partner for the long-term.

3. Push: During the year, we placed a priority focus on converting existing HCM customers who had previously only purchased hardware products, upgrading them to a recurring services model with GT Protect and GT Connect. As a clear priority in FY24, this included upgrading key partners to higher value service-based contracts, making a significant contribution to the forward outlook, with relationships now expanding beyond devices to encompass firmware and software development via GT Connect as well as attaching the full GT Services wrapper to every sale in the future. This synchronised transition continues apace, with 35% of current customers now subscribing to at least one of our services and the remaining 65% targeted for conversion by the end of FY26, at or ahead of key lifecycle milestones.

4. Displace: In support of our strategy to increase market penetration, we introduced the entry-level GT4 Lite timeclock, with services attached through GT Connect. GT4 Lite has been intentionally designed as a software-limited edition of our successful GT4 product. This approach makes use of software controls that enable us to extend the value of previous R&D investments without requiring further development.

Five-pillar strategy at the core of the 2029 Strategic Growth Plan

By combining sliding-scale product pricing and our connected services, we are able to offer our leading proposition to a broader market.

Our compelling offer, aimed at displacing lower cost competition and building longer-term recurring revenue, has already proven to be highly successful in FY24 and this will continue to be a strategy we pursue going forward. As we have demonstrated, this has the dual benefit of accelerating the shift from hardware-only fixed margin contracts to long-term annual recurring revenue subscriptions as sole suppliers of our full range of devices, all with attached services.

5. Diversify: Having thoroughly researched and planned for a diversified marketplace strategy, aimed at the lucrative HCM end-user D2E market, in FY24 we created a new premium offering, GT Time, shaped to target this opportunity. GT Time is marketplace-ready, with per-employee-per-month pricing and combines the choice of our new entry or premium products with our market leading services, connected via GT Connect. This will be launched in FY25 targeting global HCM marketplaces such as Oracle and Workday with other similar partnerships already being developed. As a substantial milestone achievement, at the end of FY24 we secured a Partnership Programme agreement with the first one of these brand leaders, Oracle, and will begin marketing through this channel in FY25.

GT CONNECT

GT Connect at the centre of connected cloud-based plans for HCM growth

GT Connect continues to be central to our development and growth plans as we look forward to further market expansion ahead.

In addition to maintaining our competitive hardware portfolio, our roadmap includes targeting an increasing share-of-wallet with customers and partners by extending our software services. Previously only available on GT Clocks, our development of GT Connect now enables us to encompass third-party bring-your-own devices (BYODs) like tablets and related HCM solutions such as web punch, significantly expanding the trusted ecosystem we can control, monitor and manage through our services.

9 million

monthly clock-ins

As intended, in FY24 GT Connect became the central cloud-based solution hub for all our HCM products, connecting 24,472 devices and serving 9 million monthly clock-ins. Through continuous development it has become an increasingly powerful platform, designed to reduce time-to-market for new products and accelerate the onboarding of new customers. This has been made significantly faster due to our use of open APIs, enabling us to easily and quickly connect customers through GT Connect as well as seamlessly embedding all the features of GT Connect into our customers' own solutions. This has removed critical time, cost and complexity as barriers to winning new business and is showing in faster conversion of opportunities, strengthened by our ability to demonstrate our technology working and immediately integrated with customer systems. This is an important competitive advantage that we will continue to leverage in FY25 and beyond.

Of growing importance is the way in which we can now use GT Connect to act as an advanced service platform for customers. Its open connectivity has been designed to place it at the centre of key HCM operations, providing integrated middleware and secure cloud control over devices, services and biometric identity data. With thousands of biometric templates already stored and safely delivered via our connected services, an exciting opportunity exists in the combination of biometric identity data, templates and compliance. With GT Connect enabling the delivery of biometric compliance as a key benefit of our service, this is of central interest as both a value-add and risk mitigation measure for enterprise customers. By helping to remove fraud from company payrolls as well as protecting from the threat of regulatory non-compliance, and with data protection legislation and security both persistent themes that are growing in importance, we will continue to explore this opportunity further in FY25.

Our central position in the software-as-a-service cloud ecosystem and our continuous drive to increase recurring revenues has encouraged us to become more focused on delivering great customer experiences. By reviewing customer experience holistically, across every touchpoint, we have been targeting initiatives aimed at raising customer satisfaction, increasing customer retention and reducing churn. This builds on our reputation for premium quality products and integrated services, ensuring our growing operations continue to comply with high standards of information security and quality management, including ISO27001 and ISO9001. We also test and certify all our products to meet the leading industry

standards for hardware, software and internet-of-things (IoT) connected devices. In FY24, this commitment was met by achieving compliance certification for all our timeclock devices, to the new IoT cybersecurity focused component of the UK Product Security and Telecommunication Infrastructure Act. This ongoing strategy ensures we maintain secure access and the broadest possible connectivity across cloud-connected global estates of timeclock and access control devices.

Looking forward to FY25, our plans to invest in GT Connect will see it go another step further, with numerous quality refinements including at-a-glance dashboard features and a quarterly cadence of continuous improvements to the GT Connect platform. Hardware products benefit from ongoing and important firmware and application feature updates to ensure our products remain up-to-date and secure. This will include updates to devices that use the Android operating system, continuously aligning with later releases to keep our products compliant and performant.

Trust is at the core of our design methodology, and we will continue to ensure our solutions are aligned with the very latest industry standards and security measures. Now deployed via over-the-air updates, these improvements can be delivered seamlessly and instantly to all compatible devices anywhere in the world, prolonging the product lifespan and adding another valuable advantage to the service our customers automatically receive.

In FY25, we will also begin the process of building on our current ISO27001 certification and improving our security posture with certification to SSAE18. SSAE18 is an enhanced US-based certification that includes SOC1 and SOC2 compliance, and further demonstrates our commitment to providing high quality and secure cloud services to our customers and partners.

Expanding partnerships driving HCM growth

As before, Grosvenor's strategic growth continues to be driven through partnerships with a broad array of fast-growing HCM providers. The substantial progress made in expanding share-of-wallet across our existing partnerships produced another year of impressive gains, with some notable partner successes and a combined net growth of the top 15 partnerships of 35%.

In North America, we achieved major gains with two of our largest US partners, growing by 52% and 43% respectively. In both cases, we now supply the complete range of GT devices from entry level to premium, with sliding scale pricing and services attached to all clocks, including where this wasn't already in place. This broader and more flexible strategic approach, combined with our new entry-level GT4 Lite device, drove faster growth and enabled us to replace a major global manufacturer who was previously only supplying low-end devices with no services. These important wins translate into longer-term recurring revenues from services with a superior customer relationship. The success of this approach opens the opportunity to further extend this model across other partnerships in FY25.

Our major European partnership grew by 21% overall, partly driven by new territory operations. As we had anticipated, this partner appears to be pursuing a highly aggressive territorial expansion strategy across Europe which we continue to support as they bring on new national partners in Spain, Germany and beyond.

End-user partnerships also delivered positive growth and customer value in FY24. For one of the Big 3 UK supermarkets, we successfully completed the first phase of a hardware replacement project, providing the supermarket with a seamless and efficient solution, and the right fit for their immediate and longer-term needs. We are now planning a further hardware replacement project for a top 10 UK retailer, attaching GT Connect to provide them with the same level of excellence, efficiency and control. Our focus on delivering the best possible customer experience, combined with our innovative technology and integrated services, makes us the ideal partner for these large-scale hardware replacement initiatives.

Our strong base of innovation-focused global partners, with expanding operations in North America and Europe also provides an exceptionally strong pipeline of prospects looking forward. As each prosecutes their own strategies for growth focused on territorial and competitive service advancement, we will continue to deploy our five-pillar approach, making every effort to enable their success as we seek to fully leverage our platform and become the solution of choice for global enterprise operations.

Access Control also drove some notable partnership successes, with OEM hardware sales (controllers and blades in end-to-end solutions) remaining buoyant, particularly through our HCM European partners. The timeless value of good account management combined with excellent support to key customer projects proved particularly valuable in a year where spend with public sector partners

continued. Private sector business toughened considerably, as a number of construction customers responded to uncertain global conditions with project delays and spending freezes. In a crowded competitive market occupied by major global brands, our attention was naturally focused where our track record was already strong, commissioning major projects with a significant blue light customer. This more than made up for the reduction in support for legacy installations. Meanwhile, upgrading large Sateon installations to Janus C4 has provided us with an excellent stream of ready-made opportunities with a further £2.5 million pipeline targeted for conversion in FY25 and beyond.

Market-leading products supported by lean and highly scalable operations

As in previous years, we continued to raise the standard with enhanced products designed, manufactured and serviced by increasingly lean and efficient operations that can be scaled at the speed of our growth.

At the centre of our operating approach, we continue to benefit from our strategic investment in cloud technology and GT Connect. FY24 was the year where all of our HCM products could be served through the same connected interface and deployed scalably through expert-led remote service operations linked to local client solution control. In this way, customers and partners gain access to intuitive, easy-to-learn tools and services that allow our remote support to provide both direct customer and partner support and local team enablement services. This means our team of dedicated specialists can control broad device ecosystems by supporting partner teams and local customer teams in a way that is unlimited by our capacity and can be extended however fast we scale. Key to our planning and design, GT Connect extends our advanced remote support and services to our partner channel, allowing them to provide their own advanced first line support whilst saving on costly support time, operational or logistical interventions, and travel.

Our investment in cloud infrastructure also provides access to further efficiencies, including the use of AI to improve workflow efficiency and increase the speed with which we collect and process data. We are also in the early stages of generative AI adoption, primarily through the use of Microsoft and GitHub Copilots, which are now being leveraged to raise the productivity of our team in targeted areas including software engineering, report writing, technical documentation and bid writing. These efforts are designed to support future scaling without requiring large-scale additional people resources, helping us to improve the agility and speed with which we can increase outputs cost efficiently as demand continues to rise. This will be an area of ongoing focus as we broaden adoption and raise productivity targets in FY25.

We have also continued to improve supply chain resilience in FY24, using a combination of approaches learned through the pandemic to create a holistic and competitive supplier advantage. This includes multi-source manufacturing contracts, dual sourced componentry and a consolidated product range with a reduced number of overall components that drives better economies of scale. Easing of supply and demand at a global level has also meant that all of this effort has been supported by an overall reduction in the Bill Of Materials (BOM), with further component reductions expected to come through in FY25. As we have already proven, our in-house specialist technology teams enable us to pivot and re-engineer quickly, giving us confidence in our ability to respond to any shortages or end-of-life items. The combination of all of these factors helps us to operate efficiently and retain our competitive market positioning, with the knowledge that we can scale volumes to any required level.

Once again, our VP of Global Operations, Brian Hack, has overseen and assured the steady supply of components and hardware throughout FY24, with advanced planning, integrated product schedules and engineering co-ordination. With global supply chain operations normalising, we have been able to take advantage of this by reducing key stock levels and improving stock turn ratios. During FY24 we have been able to lower inventory levels by £1.4 million to £2.3 million (2023: £3.7 million), and this includes circa £1.4 million of finished goods, with sufficient parts available for our GT10 and GT8 products to provide a good level of cover to scale and support our partners. Having settled at a reasonable inventory baseline, the agility and control we can now exert to align our stock levels with forecast demand will become an especially important factor in the successful prosecution of our marketplace strategy in FY25.

In addition to hardware production and firmware improvements, in FY24 we started to put in place enhanced measures to understand, measure and track customer experience that will enable us to take an active role in raising

satisfaction and reducing churn. By making every touchpoint world-class and identifying codified processes, systems and metrics by which we can manage this, we believe we are targeting investments that will be vital to our future as a trusted partner to enterprise.

Through our instinct to innovate, we have also been looking more closely at the role of data and have begun to assess the opportunity to deliver an enhanced biometrics proposition. This has the potential to extend our recurring services by securely and remotely managing an organisation's identities from the cloud and providing this verification to a wider array of applications and operations. This new proposition takes advantage of our ability to collect, store and process employee biometrics in full compliance with regulations, operating in a way that is highly secure, completely trusted and can be integrated with existing operations and systems. As organisations look to upgrade their own security, the opportunity exists for us to further credentialise access of trusted employees with the unique advantage of using physical verification via new or existing terminals and connected devices that other software-only security solutions lack. This is an exciting development that we are now beginning to research and explore with our partners.

In Access Control we continue to work hard on the development of Janus C4 Ultra, an advanced new hybrid cloud product with substantial potential which we are jointly developing with our partner, Gamanet. Whilst delays at Gamanet impacted progress in FY24, these have now recovered and our ambition to launch the new product in FY25 remains.

As we look forward to these exciting developments and launches in FY25, we are strengthening the team through a number of key appointments.

During FY24, we appointed a new Head of Product and Marketing to drive customer awareness and insight and translate this to an even stronger product and services roadmap to accelerate demand. This role works across both our HCM and Access Control portfolios and will focus on driving the D2E marketplace push in FY25.

In support of this, and to further improve the experience, we have reorganised the delivery and roll-out of new products and, in late FY24, we appointed a Head of Project Management Office to centralise and control all major customer change initiatives and streamline internal change management. We have also appointed a new Presales and Engineering Manager to provide a direct link between sales and delivery that significantly improves time-to-market for customer onboarding and integrations.

These three roles will help us focus strategically and plan tactically as we continue to raise the satisfaction benchmark for customers through complete service adoption, broader ecosystem control and faster access to the higher order value returned by our integrated and market-leading solutions.

GT8 timeclock with fingerprint, badge and user interface

The opportunity lies in focused execution

"In FY24, we focused intensively on codifying and executing our five-pillar strategy with remarkable success. This strategy is driving close alignment across our business, with activities clearly linked and attributable to outcomes with highly visible metrics. Software investments and innovation have been crucial to this. Our constantly evolving platform, GT Connect, continues to drive an important market advantage, giving us the ability to integrate and bring on board customers at the lowest possible cost and in the quickest possible time, so they can access the best and most secure solutions in the market. This was always our intention but in FY24 it became a reality across our entire range of timeclock products. As well as being the biggest year in our history, we have also made huge leaps towards providing the most complete offer in the market. Our products evolved, our software advanced, our hardware consolidated, our inventory rationalised, and our team strengthened. We had a clear strategy and a plan to execute which we delivered strongly. FY25 will see us explore new opportunities, including direct end-user business via partnerships with Oracle and other similar global marketplace brands. The future is expanding quickly, and I am particularly proud of the experience, commitment and dedication our talented team continues to show our customers. Nothing is more important to me than this."

Colin Leatherbarrow, MD

OUR DIVISIONS –

PHYSICAL SECURITY SOLUTIONS DIVISION

Revenue information

£'000	2024	2023	Increase/ (decrease)	Percentage change
Products	3,690	2,840	850	30%
Service	2,118	1,900	218	11%
Division Total	**5,808**	**4,740**	**1,068**	**23%**

Performance overview

Safetell continues to raise its growth trajectory, deploying new products, winning important new reference customers and demonstrating a clear market advantage as a leading provider and installer of integrated door solutions and physical security.

FY24 was an important year of strategic execution that delivered substantial growth following its turnaround in FY23. FY24 revenues increased by 23% year-on-year to £5.8 million, a significant step-up from the previous year's modest but transformative increase of 3%. This demonstrated the positive effect of our strategy, deploying an enhanced range of products, with product revenues up 30% to £3.7 million. The headline growth of service revenues, up 11% to £2.1 million, was the net result of balancing stronger growth in target sectors whilst managing anticipated ongoing decline in the banking market, with continued reduction in demand for legacy rising screen services.

The three-pillar growth strategy, previously identified as part of the original five-year planning process in 2021, has been considerably strengthened under the leadership of MD, Nick Shannon. FY24 saw a concerted focus on growing market share in entrance control, gaining traction with differentiated products in physical security and increasing support for regional and national door servicing demand. This prioritised focus and planning yielded extremely positive results, with substantial progress in door services, which grew by 51%, and an even greater increase in entrance control orders, which grew by 74%. Overall, new sales orders grew by 5% year-on-year and order pipeline expanded by 23%, reaching £11.7 million across all target sectors, with £5.5 million in potential opportunities added in the year. This completed an important year of all-round growth as a backdrop to a financial performance that saw substantial year-on-year gains in every area.

Trading throughout the year was in line with expectations, with the continued improvement in results through this growth strategy only slightly muted by the long-expected loss of a large high street bank rising screen servicing contract, as it sought to rationalise its high street estate and remove the provision of these security measures for its workers. Despite this, overall gross margin grew by 0.9% points to 35.3%, increasing gross profit by £0.5 million to £2.1 million (2023: £1.6 million). This was an impressive gain in profitability on FY23.

Looking ahead, we expect this upward trajectory to continue as the business continues to demonstrate its ability to manage the ongoing contraction of its legacy services through the replacement of a healthy mix of business, built on selectively growing and scaling a foundation of recurring revenues from new servicing contracts, supplemented by high margin installation projects and the deployment of identified new products and services.

Against a background of considerable macro-economic uncertainty across the UK, the planned mitigation measures taken in FY23 produced a welcome impact for Safetell in FY24. In particular, sourcing alternative product manufacturers in China delivered clear advantages through the year, both in terms of improved product quality, more competitive costs and reduced lead times. These advantages were borne out in the delivery of key contracts with major national brands and pave the way for significant expansion potential in FY25.

Once again, a very positive demand outlook across all our target sectors, coupled with a stronger

pipeline and a range of highly competitive products in our portfolio, means our confidence is buoyant as the business continues to execute with discipline and focus to go from strength-to-strength.

Focused execution on areas of high demand continues to drive growth and build momentum

Executing on our growth strategy, all our target areas experienced strong demand in FY24, enabling the business to add another year of solid performance on top of the turn-around achieved in 2023. Through this consistency of focus and disciplined execution, we have continued to drive growth and generate the momentum essential to scaling the business incrementally.

Throughout the year, our security-rated screens and counters performed exceptionally well. In the retail sector, we successfully completed the rollout of screens for the UK's largest supermarket, a contract secured and commenced in 2023, and initiated work with another major supermarket chain to enhance security for staff and assets in their convenience stores.

We maintained strong performance in the blue light and healthcare sectors, adding further significant projects and high profile customer references that provide important growth opportunities in the year ahead. This was despite political uncertainty and harsher budget limitations in the public sector causing a small reduction in government-related activity at the tail end of the year. We believe this demand will return strongly in FY25, with a focus on growth and security being a central commitment in the new government manifesto. In particular, strengthening legislation and protective measures aimed at hardening security across essential industry and sites of critical national infrastructure provides confidence that we will see further gains in this area.

While in FY24 we saw improvements across all our product and service ranges, our strategic focus on expanding into the Door Services market and the Entrance Control market has been particularly successful. These initiatives are intended to replace our legacy rising screens business and strengthen our position as a leading physical security provider in key markets where there is significant potential to grow and actively challenge less agile large incumbents.

In 2023, we sourced a new supplier for Entrance Control, offering a range of high-quality, cost-effective products. In 2024, this relationship helped us to secure a 74% increase in new sales orders, driven by significant wins in both the construction market and direct sales to end-users.

Our Door Services provision also grew by an impressive 51% during the year, as we further improved our capabilities and capacity in this market, adding new doors and providing call-out support across an even broader national estate that now includes over 320 train stations and a variety of new FM providers. Although, by revenue, this activity segment remains relatively small compared to the overall market size, the scale of opportunity and competitive position we are developing makes this a clear strategic priority for the year ahead.

The investments in sales and marketing made in FY23, and continuous improvement in competitive bidding, combining more attractive products with enhanced competitive intelligence, puts us in a strong position to target and convert further market share and key target opportunities. Knowing ‘How to win’, gives us confidence that we can continue achieving smart tactical gains in a market dominated by a few large manufacturers focused on products, who are less agile and efficient with their globalised approach to services.

Despite the continued decline in long-term legacy rising screen contracts, the effect of this was largely offset by project revenues from screen removal services and, more importantly, from long-standing customers investing in upgrades to their screens and control systems. As in previous years, we continue to service this demand and support customers as they rationalize and convert their operations. In addition to higher margin projects, this provides us with important customer references and industry positioning as a trusted and established supplier that we actively leverage in our business development.

Driving further incremental improvements in the year ahead

Our plan to drive further growth in all of the same target areas will continue in FY25, with strong organic growth anticipated from increased attention to sales management through the addition of new personnel, an anticipated rise in public sector activity and rising demand across a highly attractive and competitive product portfolio.

We expect to leverage the excellent references created in FY24, as we continue to improve penetration into the Entrance Control market with a pipeline that already exceeds work forecast during the current year. In addition, following thorough exploration and planning, we expect to broaden our Door

Services to include support for roller shutters, an additional service that will significantly accelerate our growth and make an attractive contribution to our profitable and recurring revenue focused financial profile.

With important core technology updates to our EFACS operating platform now completed, to complement organisational and finance improvements already made, we are enabling the business to operate and scale efficiently, placing it in a position from which it is easier to continuously adapt, compete and improve. In FY25, this will include a complete review of project management, warehouse and stock control to find further efficiencies, as well as continue the excellent work already underway on customer service excellence.

Creating safe spaces for employees and a positive environment for colleagues

The substantial progress made by our dedicated and committed team has returned a substantial set of results in FY24, accelerating growth, focusing on key areas of high demand with the right offer, organisation and confidence to compete and win as we begin to address a much wider market opportunity, particularly in security doors and entrance control.

Looking ahead, the market continues to show a rising demand for high specification physical security products, with threats from crime and terrorism keeping physical protection and security a priority for businesses in most sectors.

As we expand the awareness of our brand and reputation as a trusted service partner for the long-term, this underpins our confidence to make incremental steps in growth and profitability. This creates a positive environment from which to operate as we seek to command a larger market share and attract further talent to our team.

Our demonstrably successful strategy of focused execution will continue to prioritise recurring revenues from services, which remains at the heart of our approach to growth, balancing strong foundations and long-term visibility with more profitable short-term opportunities to win tactical projects and install our latest new products.

"To continue our growth, we must constantly review what we do and how we do it, looking for additional opportunities the market presents that offer the right strategic fit and profile. With a continued clear emphasis on developing strong recurring revenues, we will also take tactical opportunities to establish and prove our credentials as a highly capable and trusted supplier of integrated door solutions and physical security. Some products and services we will develop ourselves. However, finding quality suppliers wherever they are based for new, innovative, or just better value replacements will be key to our ongoing success, and we will continue to be active in ensuring we maintain a highly competitive portfolio as we build the next five years of our strategy with even greater confidence."

Nick Shannon, MD

FINANCIAL REVIEW

Revenue

Key Performance Indicators	2024 £'000	2023 £'000	Increase/ (decrease) £'000	Percentage change %
People and Data Management Division				
HCM	13,452	12,551	901	7%
Access Control	3,017	3,023	(6)	(0%)
	16,469	**15,574**	**895**	**6%**
Physical Security Solutions Division				
Products	3,690	2,840	850	30%
Service	2,118	1,900	218	11%
	5,808	**4,740**	**1,068**	**23%**
Group Revenue	**22,277**	**20,314**	**1,963**	**10%**

Group revenue increased by 10% to £22.3 million (2023: £20.3 million) driven by growth in both People and Data Management and Physical Security Solutions Divisions. The driver of growth in People and Data Management was in HCM which experienced increases in both North American and Rest of World. This was due to the combined impact of increased demand from existing customers, customer price rises, new customers won and growth of recurring revenues from SaaS (GT Connect) and ClaaS products. There has also been revenue increase from both Products and Services in the Physical Security Solutions Division. Growth from Products is driven by a focus on newer products such as entrance control and retail screens.

Growth from Servicing is due to legacy bank and building society clients upgrade projects as well as new auto-door servicing and repairs. Further commentary and discussion can be found in the relevant divisional sections.

Gross profit margins have increased to 38.5% (2023: 37.6%) due to increases from both divisions. The People and Data Management division gross margin increased to 39.7% (2023: 38.6%) as a result of customer price rises, cost control measures and a higher proportion of high margin recurring revenues. Cost reductions were achieved by lowering manufacturing and logistics costs with both componentry prices and logistic costs returning to near pre-pandemic levels. The Physical Security Solutions division achieved a gross profit margin of 35.3% (2023: 34.4%) the increase is primarily due to changes made in the operations team to optimise how contracts are sold and delivered.

Administrative expenses and average employees

Administrative expenses have risen by 6% to £7.8 million (2023: £7.4 million). This has mainly been the result of an increase in headcount, additional property costs and inflationary cost pressures. Overall average employees have increased to 102 (2023: 99) driven by increases in Grosvenor UK and US to support the HCM growth. Staff costs (which are included in both cost of sales and administrative expenses) increased by £1.0 million or 14% to £8.3 million (2023: £7.3 million).

	2024 £'000	2023 £'000	Increase £'000	Percentage change %
Gross Profit	**8,585**	**7,638**	947	**12%**
Gross Profit Margin	38.5%	37.6%		

Finance costs

Finance costs have increased by £0.1 million to £0.4 million (2023: £0.3 million) due to higher interest rates and additional lease interest costs.

Profitability

The current year profit from operations was £0.8 million (2023: £0.3 million). The increase in profitability was the result of a combination of an increase in gross profits from higher revenues and improved gross margin percentages.

Profit after tax for the year was £0.1 million (2023: £0.4 million). This is after the tax charge which is discussed in more detail below.

Taxation

A tax charge of £0.3 million (2023: £0.4 million credit) was recognised in the year. The 2023 tax credit was a result of a catch-up of R&D claims in both Grosvenor and Safetell. The 2024 charge for both current and deferred tax is primarily a result of adjustments to prior periods relating to a change in assumptions for the Grosvenor R&D tax claims. No corporation tax was paid in the year.

Earnings per share

Earnings per share was 1.43p (2023: 3.77p) being a decrease of 2.34p. The decrease was due to the tax charge incurred in FY24.

Balance sheet

Net assets have increased by £0.2 million to £8.1 million (2023: £7.9 million). Property, plant and equipment decreased by £0.2 million to £2.7 million mainly from right of use buildings depreciation. Intangible assets have decreased by £0.2 million to £5.2 million due to amortisation of development costs and in particular the first full year of GT Connect. Inventory has decreased by £1.4 million to £2.7 million due to unwinding of componentry and finished goods that were stock-piled as a result of previous supply chain issues. Trade and other receivables reduced by £0.4 million primarily due to the fact there was an abnormally large trade receivable balance in the Physical Security Solutions Division at prior year end. Cash and cash equivalents increased by £0.5 million to £1.1 million (2023: £0.6 million). Trade and other payables decreased by £1.1 million to £3.5 million (2023: £4.6 million) due to timings of creditor payments. The £0.4 million decrease in short term borrowings to £3.0 million was due to a reduction in the amount drawn down of the Group's invoicing financing facilities. Bank net debt decreased by £1.3 million in FY24 to £2.0 million at 30 April 2024 due to an increase in cash and repayments relating to invoice financing and CBILs facilities.

Research & Development (R&D)

The Group has decreased its R&D investment to £0.4 million (2023: £0.5 million) in the People and Data Management division. The reduction is due to the completion of the development of GT Connect, our upgraded SaaS platform which was launched in the second half of FY23.

Cashflow

During the year cash increased by £0.5 million to £1.1 million (2023: £0.6 million). Cash generated from operating activities increased by £0.9 million to £3.0 million (2023: £2.1 million) mainly driven by an increase in operating profits and an improvement in working capital due to lower inventories and partially offset by creditor outflows. There was also a tax receipt of £0.2 million (2023: £0.4 million) from R&D tax credits. Cashflow from investing activities remained flat year on year at £0.8 million (2023: £0.8 million). The financing movements related to the repayment of £0.4 million of invoice financing from the UK and US facilities (2023: £0.3 million draw down), lease principal repayments of £0.6 million (2023: £0.4 million) and £0.4 million of repayments from the Coronavirus Business Interruption Loan Scheme ("CBILS") which started to be paid back from September 2021 over a 5-year term. There was also £0.3 million of interest paid on the debt facilities (2023: £0.3 million).

Forward currency contracts

During the year we executed our foreign exchange strategy by entering into forward contracts. The strategy effectively hedges 75% of excess USD and reduces the level of volatility compared to using spot rates. The contracts manage our currency mismatch between an increasing US Dollars (USD) position from revenues and the existing cost base in both GBP and Euros. The adopted process involved currency forecasting three quarters ahead and taking out tranches of forward contracts for 25% of each of the forecasted quarters relating to our excess USD position.

PRINCIPAL RISKS AND UNCERTAINTIES

Risk management is integral to the way the Board and leadership team manage the Group and each divisional Managing Director monitors and reports on their most significant risks on a continuing basis. Risks are reviewed by the Board on a quarterly basis and actions are taken as appropriate to provide reasonable mitigation against those risks.

The principal risks facing the business, the potential impact and mitigating actions are detailed below:

Market conditions

The risk of further future lockdowns could result in a year of depressed trading activity and delays in customer projects. The impact is somewhat reduced by the geographic spread and the nature of our customers. Commercially, we have been sensitive to the evolving demands of our customers but we also operationally monitor activity levels for support and new business. The Chief Financial Officer monitors cashflows and potential financing opportunities and discusses these regularly with the Board to support the reduced cash generation from lower levels of trading. Lag effects of COVID-19 such as the global componentry shortage have constricted certain lines of supply which has meant longer lead times for ordering and an increase in cost to purchase. These pressures have eased in FY24 as supply chains normalised. The Group monitors the position regularly with detailed inventory modelling done by Grosvenor's Operations and Supply Chain Director. Customer prices are reviewed and increased where necessary to ensure margins are maintained.

Sales of new products

The Group has incurred substantial strategic expenditure on new developments within the People and Data Management division, based on market intelligence. Due to the dynamic nature of the market itself there is a risk of market needs moving during the development process. The Group mitigates this risk by carrying out customer trials and ascertaining features required by customers.

Service agreements

The majority of service revenues within the Physical Security Solutions division are from 1 to 3-year service agreements and there is the risk that these may not be renewed due to cost reduction programmes, by managing the contract externally or by utilising in-house resource. If the service agreements are not renewed it is likely that those customers would still require our services but would be charged on a call out basis without an overriding contract resulting in less certainty over future revenues. The Company has service level agreements with these customers which are closely monitored and holds regular meetings with those customers to check on their satisfaction levels.

Input prices and availability

Operating performance is impacted by the pricing and availability of its key inputs, which include electronic components, steel and security glass. The pricing and availability of such inputs can be quite volatile at times due to supply and demand dynamics and the input costs of the supply base.

The Group manages the effect of such demands through a rigid procurement process, long-term relationships with suppliers, economic purchasing, multiple suppliers and inventory management. It has also been able to adapt to the exceptional componentry availability issues experienced since 2021 by re-designing certain products to reduce the risk of not having enough inventory to meet demand.

Quality control

There is the potential for functional failure of products when in use, thereby leading to warranty costs and damage to our reputation. Quality control procedures are therefore an essential part of the process before the product is delivered to the customer. With the support of external quality auditors, the quality control systems are reviewed and improved on an on-going basis to ensure that the Group is addressing this risk through a certification process which is undertaken by a recognised and reputable authority before being brought to market.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer fails to meet its obligations, and the Group is mainly exposed to credit risk from credit sales. It is Group policy to assess the credit risk of new customers before supplying goods or services with purchase limits established for each customer, which represents the maximum open amount they can order without requiring approval.

A weekly review of the trade receivables' ageing analysis is undertaken, and customers' credit is reviewed continuously. Customers that become "high risk" are placed on a restricted customer list, and future credit sales are made only with the approval of the local management otherwise pro forma invoices are raised requiring payment in advance.

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Chief Financial Officer receives weekly reports of balances on all bank accounts and regular cash to assess the required level of short-term financing to draw down on.

Market risk

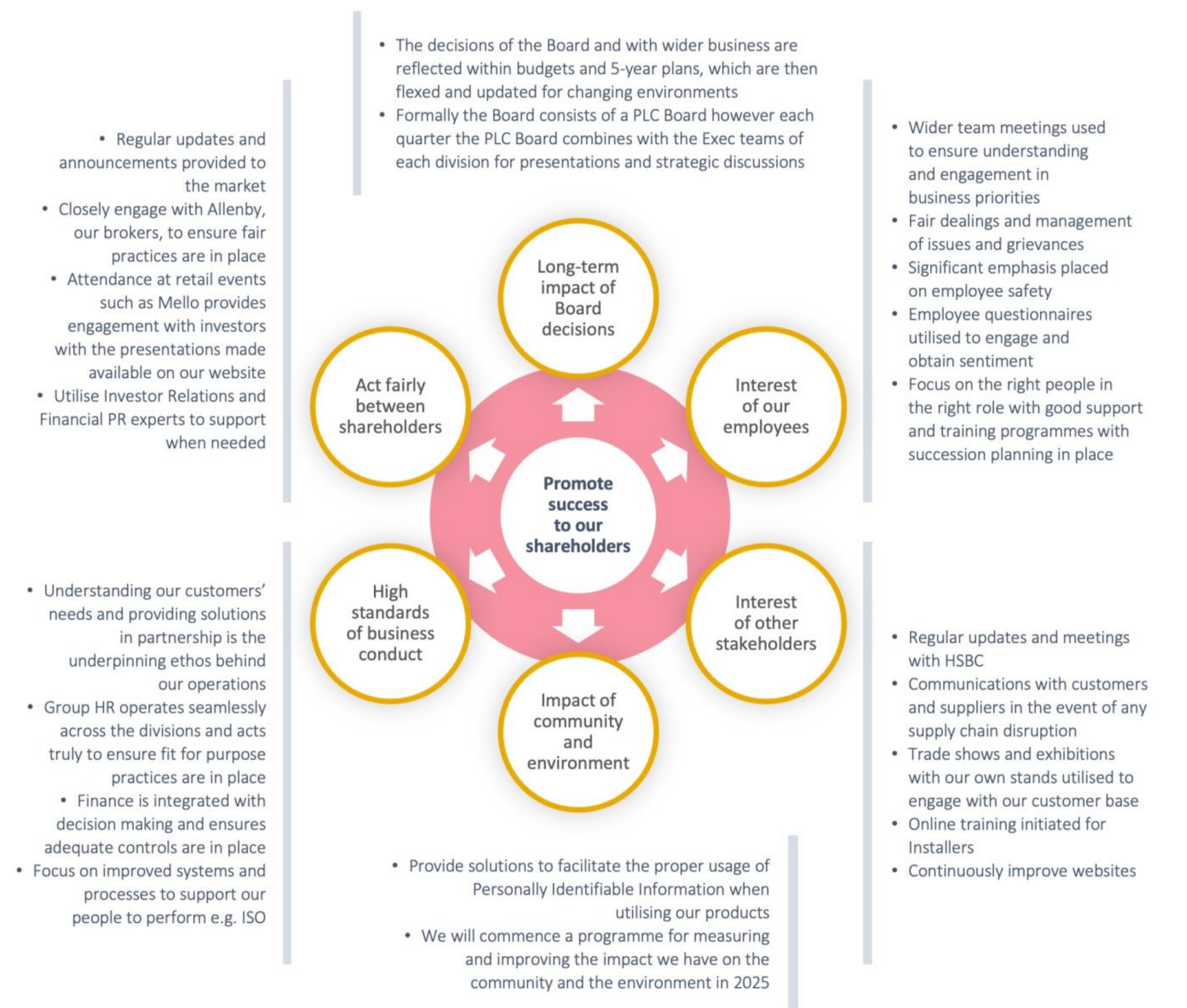
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk). Foreign exchange risk arises when individual Group entities enter transactions denominated in a currency other than their functional currency. Liabilities are settled with the cash generated from the individual group entities' operations in that currency wherever possible, otherwise the liabilities are settled in the functional currency of the group entities. During the year a forward contract currency strategy was implemented to reduce the volatility of exchange rate fluctuations to the Group.

"I am very pleased to see the positive momentum of FY23 continue in FY24 with increasing revenues, gross margins and operating cashflows from both the People & Data Management and Physical Security divisions"

Paul Campbell-White, CFO

S172 STATEMENT

The Companies Regulations 2018 require Directors to explain how they considered the interests of key stakeholders and the broader matters when performing their duty to promote the success of the Company under s172. This includes considering the interest of other stakeholders which will have an impact on the long-term success of the company. This s172 statement explains how the Directors act accordingly.



Key Board decisions

During the year the Board continued to deliver on the Strategic Growth Plan which was approved by the Board in 2021. The 2021 Strategic Growth Plan spanned the years to 30 April 2025

Given that the 2021 Strategic Growth Plan was approved 3 years ago the Board decided in January 2024 to develop a new Strategic Growth Plan for the 5 years to 30 April 2029. This was approved by the Board in June 2024. The details of this new plan are included in the relevant divisional sections. A separate business plan to diversify into the HCM end-user D2E market was approved by the Board in May 2024.

Approval

The Strategic Report was approved by order of the Board on 9 September 2024.

Marie-Claire Dwek
Director

Corporate Governance

OUR BOARD

Chairman's Introduction

The Board and its Committees have a fundamental role in the governance framework by using their wide experience in providing independent challenge and support and ensuring that good governance is promoted across the different businesses within the Group. The Board, led by its Chairman, is responsible for the success of the Group and providing leadership within the framework of existing controls and ensures that its duties to shareholders and other stakeholders are understood.

The Board

A summary of the career history of each of the Directors is given below showing their vast experience in senior management positions across a wide variety of industries.

Maurice Dwek
Chairman

Maurice Dwek was the founder of the Dwek Group in 1963 as a distributor of PVC products with factories involved in engineering and other consumer products. The company was listed on the London Stock Exchange in 1973 and he was Director of Subsidiary Companies and subsequently responsible for Group acquisitions and disposals. He disposed of this interest in 1988 through a management buyout. Subsequently he was Chairman of Arlen PLC (electronics) and Owen & Robinson PLC (sports footwear, retailing and jewellery) and floated Newmark Security on the Alternative Investment Market of the London Stock Exchange in 1997 acting as Executive Chairman until 2005 whereafter he became Non-Executive Chairman.

Marie-Claire Dwek
Chief Executive Officer

Marie-Claire Dwek was Marketing Director of Newmark Technology Limited (specialised electronic security systems) 1996-2000, responsible for the planning, leadership and strategic marketing. Between 2002–2013 Marie-Claire was responsible for the management and investment in various property portfolios for Motcomb Estates and joined Newmark Security as Chief Executive Officer in 2013. Marie-Claire regularly attends training courses and modules for executive development e.g., Cranfield University. Any changes in the business environment are monitored and researched closely within the leadership team and with the CEO. Strategic responses are formed accordingly and executed with Board approval. Trade journals and news articles are used to keep abreast of current market conditions.

Paul Campbell-White
Chief Financial Officer

Paul Campbell-White is a Fellow Chartered Accountant qualifying in 2000 whilst working with KPMG. Subsequent to KPMG, Paul worked at ITV plc, a leading UK media group for ten years in a variety of Group and Divisional Roles. Paul was previously Chief Financial Officer of Brave Bison Group plc (AIM: BBSN), a digital media and technology company, and Chief Financial Officer of Warner Bros. TV Production UK. Prior to those appointments, he was Group Financial Controller of Shine Group, an international television production and distribution group and Interim Group Financial Controller at Channel 4. Most recently, he has been Interim Chief Commercial Officer of CognitionX, a technology company in the events space.

Michel Rapoport
Non-Executive Director

Michel Rapoport held various senior positions in Ripolin (paint) in Paris between 1974-79 including President 1976-79. He then worked at Alcatel (telephony and electronics) 1979-91 including President Mailing and Shipping products division 1990-91. He moved to Pitney Bowes between 1991-95 where he was Chairman Pitney Bowes France and Vice President Pitney Bowes International. Michel was president and CEO of Mosler ($300m revenue physical and electronic security products and services) 1995-2001 and was President and CEO at Laroche Industries Inc., (chemical product manufacturer and distributor) between 2001 and 2005. He has been managing partner of SAR Industries (real estate holdings) since 2007. Michel thus brings to the Board his experience from holding senior positions in similar industries, and his knowledge of operating in North American markets which is particularly relevant given the growth in revenue from that source in the current year.

Terence Yap
Non-Executive Director

Terence Yap, a Singapore citizen resident in Hong Kong, is the former Chairman of Guardforce AI Co Ltd, a group focusing on delivering technologically innovative security solutions within the Asia Pacific region. Prior to this he was Chief Executive of Guardforce Cash Solutions (Thailand) a leading security solution provider with more than 12,000 international employees. From 2006 to 2014 he was Chief Financial officer of China Security and Surveillance Technology, Inc which was listed on both the NYSE and Dubai International Financial Exchange. Throughout his career Mr Yap has developed specific skill sets regarding change management, investor relations, capital market operations and corporate restructuring. Mr Yap has over 25 years’ experience in the telecommunications and security sectors and is a member of the Hong Kong Security Services Training Board, a Fellow member of the Hong Kong Institute of Directors, a Fellow member of the Chartered Management Institute (UK) and a member of the Australian Institute of Company Directors.

GOVERNANCE PRINCIPLES

We have adopted the Quoted Companies Alliance Corporate Governance Code ("QCA Code") to assist in putting into place an effective corporate governance framework which will deliver results. Your Board understands that good governance is one of the foundations of its sustainable growth strategy. The Chairman is responsible for Corporate Governance in the Group. There were no key governance related matters that occurred in the year and no significant changes in governance arrangements. The Group has adopted the revised 2023 QCA Code from the financial year commencing on 1 May 2024 and so the disclosures made in this FY24 Annual Report are against the 2018 QCA code guidelines.

Details on how the Company applies the principles of the QCA Code are set out below.

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

Newmark Security is a leading provider of people and data management and physical security solutions through its subsidiaries, Grosvenor Technology Limited and Safetell Limited, in the UK, and Grosvenor Technology LLC in the USA, with exports to Europe and USA, and worldwide through our established customer base. The Company aims to help address some of the major challenges facing corporations in an environment of ever-increasing global security concerns and add value for all our stakeholders through partnership and innovation. We will continue to develop exceptional and secure products backed up by industry leading support. The Company strategy is focused on delivering growth through the development of new products, providing its customers with much-needed peace of mind whilst also improving business efficiency and flexibility through innovative technology. The three core markets served, Access Control, Human Capital Management (HCM) and physical security, are anticipated by industry analysts to grow significantly in the medium to long-term. The company takes a 'deep and narrow' approach in each of these markets through the provision of products and services that are highly developed and specialist, thus delivering tangible added value to its downstream partners and creating barriers to entry to potential competitors.

Grosvenor Technology's products are at the cutting edge of access control and human capital management technology. The business is well positioned to capitalise on the crossover between these two aspects of electronic security and continued investment ensures that it stays at the forefront of this marketplace. Long term strategies are in place to increase recurring revenues through the provision of more cloud-based services on an ongoing basis, particularly in the HCM sector. This is envisaged to deliver greater shareholder value over time as both quantity and quality of earnings increase through this strategy.

Safetell is one of the industry leaders in high-demand physical security products and is perfectly placed to service the industry. The market for asset security products and services is fast growing with the ever-increasing threat of terrorism and crime placing security high on the priority list for corporate clients. It is the policy of the Company to maintain the highest standards of product quality meeting statutory and regulatory requirements by the control of its sales, purchasing, production, delivery, installation and service activities.

The principal risks and uncertainties associated with the business activities are set out on page 25 of the Strategic Report.

Principle 2: Seek to understand and meet shareholder needs and expectations

The Company engages with shareholders through a variety of traditional and digital media channels. In addition to regulatory announcements and reports, the Company communicates through a variety of channels. The CEO participates in yearly interviews with online investor news platforms and channels as well as giving regular non-material updates on social media platforms. The Company makes announcements in industry, trade and general business publications and through RNS feeds.

The Board members attend AGMs and welcome shareholder attendance. Our corporate broker maintains a dialogue with our institutional investors and arranges meetings with the Executive Directors as required. The website contains an overview of the markets operated in, the Company's vision and strategy and multi-media detail of the separate Physical Security Solutions and People and Data Management divisions. Historic reports, statements, announcements and

share price information are also accessible within the website – *https://newmarksecurity.com*.

Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long-term success (see also s172 section)

The Company recognises that there are several resources and relationships that are considered to be strategically important. These include major clients, key suppliers, value added resellers and our banking partners, and these relationships are managed at a senior level within each division with the most important receiving additional executive attention.

The Company further identifies the need to nurture and develop relationships with all stakeholder groups. Feedback is gathered from customers through sales and marketing functions with key customer meetings. Regular supplier reviews are conducted to ensure the Company's and vendors' needs and ambitions are met.

The Company recognises the importance of its employees to its achievements. Regular internal communication meetings are conducted across all sites to ensure employees are knowledgeable about a range of topics. Questions and suggestions are encouraged through a range of formal and informal channels directly to divisional Managing Directors. These employee feedback channels have led to tangible outputs and changes to working practices. Our staff expect to be able to work in a safe and comfortable environment, and to be provided with the necessary skills and knowledge to perform their work to the required standard. We provide ongoing training wherever required and conduct routine appraisals with the staff.

Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Board has overall responsibility for the Group's systems of internal control and risk management. The Board identifies the major business risks with management and establishes appropriate procedures to measure and manage those risks. These involve a system of measurement, control and reporting on a variety of internal and external factors. There are detailed procedures for the production of budgets covering profit and loss accounts, balance sheets and cash flows. Monthly subsidiary and group management accounts are produced with comparisons against budget and prior year.

Management also reports on major changes in the business environment including any possible impact on forecasts.

The principal risks and uncertainties associated with the business activities are set out in the Strategic Report on page 25.

Principle 5: Maintaining the Board as a well-functioning, balanced team led by the Chair

The Chairman's role is to ensure that the Board operates effectively to deliver the long-term success of the Group. This includes ensuring that the Non-Executive Directors always have access to the executive management team to provide both support and challenge, all directors are able to express their views openly at Board meetings and that all directors are encouraged to bring independent judgement to bear on all issues. There are specific instructions in place for the timetable and content of Board papers so that the directors are properly briefed before the Board meetings. The Board has a number of matters reserved for its consideration, with the principal responsibilities being to monitor performance and to ensure that there are proper internal controls in place, to agree overall strategy, to approve major capital expenditure and to review budgets.

At 30 April 2024, the Board comprised a Non-Executive Chairman, two Executive Directors and two Non-Executive Directors. Under the Company's Articles of Association, the appointment of all Directors must be approved by the shareholders in General Meeting, and additionally one-third of the Directors are required to submit themselves for re-election at each Annual General Meeting. Additionally, each Director has undertaken to submit themselves for re-election at least every three years.

Board meetings are held a minimum of four times a year and the Board of the Parent Company also attend the Board meetings of the subsidiary companies on the same day. All members of the Board attended all four Board meetings held over the last year. The Board members also have discussions during the year on the progress of the Group and any particular issues which arise. All Directors commit the time necessary to meet their responsibilities as directors. There were two meetings of both the Audit and Remuneration Committee during the year, both of which were attended by all members of those committees.

For the year under review one of the three Non-Executive Directors is considered to be independent.

This is Terence Yap. Maurice Dwek and Michel Rapoport are not considered to be independent in view of their substantial shareholdings in the Company. However, the Board considers that both Mr Dwek and Mr Rapoport bring a wealth of experience from across a range of businesses, as well as their knowledge of being involved in listed and other companies together with their experience of the People and Data Management and the Service industry.

Any Director may, in furtherance of their duties, take independent professional advice where necessary, at the expense of the Company. All Directors have access to the Company Secretary, whose appointment and removal is a matter for the Board as a whole, and who is responsible to the Board for ensuring that agreed procedures and applicable rules are observed.

Marie-Claire Dwek and Paul Campbell-White, as Executive Directors, are full-time employees of the company during the year. There are no minimum time commitments for the Non-Executive Directors who spend whatever time is required to fulfil their duties and responsibilities.

Principle 6: Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

The CEO works closely with the senior leadership teams of the subsidiary companies to keep abreast of market trends, economic trends, technological advances and customer expectations to remain agile and adjust to the changing times. She meets with customers and suppliers on a regular basis. She also regularly attends security exhibitions in the UK and worldwide as well as forums, corporate and networking events, and keeps the Board up to date with all developments.

Changes in the business and economic environment are discussed fully at Board meetings. The Board is informed of changes in accounting requirements by the Company auditors and in regulatory requirements by the NOMAD via the Chief Financial Officer.

Principle 7: Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

The Chairman carried out an evaluation of the Board during the year and deemed that it was working satisfactorily, in particular:

1. The good mix of skills and experience of the Board members.

2. The amount of challenge and expression of views at meetings.

3. The attendance of all the Company Board members at the subsidiary company Board meetings.

4. The level of information, both financial and operational, available prior to and at the Board meetings.

5. Matters arising at each meeting are followed up promptly and the results reported back to Board members.

The performance of the Board is kept under continuous review. The Board does not consider that it is appropriate to perform a more formal board appraisal process utilising third parties at the current date, taking into consideration the size and nature of the Company. However, this will be kept under review and the board will consider on an annual basis whether to implement a more formal appraisal process.

Principle 8: Promote a corporate culture that is based on ethical values and behaviours

The Group aims to have a corporate culture that keeps staff satisfied in their roles and fully motivated so that staff retention levels are high, and absenteeism is low. All senior management are aware of our culture. Staff are encouraged to submit ideas and suggestions as to how this can be achieved. The Group also tries to ensure that the staff have the appropriate lifestyle benefits and are provided with appropriate development training, both internally and externally.

All senior leadership team members (including Group Human Resources manager) attend monthly management meetings, attended by both Executive Directors, to report on their department’s activities and where relevant to highlight any issues with customers, suppliers, employees or other stakeholders.

The Group is committed to maintaining high standards for the environment, and our relationship with employees, customers and suppliers. The Group is committed to being environmentally friendly and we have identified the key waste streams from our businesses so that the amount of landfill is reduced by separating waste into these different streams. Records are maintained as evidence that these forms of waste are separated and collected by licensed waste collection companies, and these are reported at management meetings. Our efforts with stakeholder groups are detailed under principle 3 above.

Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision making by the board

The Chief Executive Officer, Marie-Claire Dwek, is responsible for the day-to-day management of the business, developing the Group's strategy for discussion with the Board and then implementing that strategy. The Chief Financial Officer, Paul Campbell-White, is responsible for the financial reporting of the Group and supporting the CEO in developing and implementing the Group strategy. The two Executive Directors have prime responsibility for engagement with shareholders.

The Non-Executive Directors, Maurice Dwek, Michel Rapoport, and Terence Yap are responsible for bringing their expertise and judgement in assisting in the development of strategy and measuring its performance, challenging the Executive Directors and reviewing their performance. All Directors are required to notify the Company Secretary of any conflicts of interest and there have been no such relationships declared.

The Audit Committee assists the Board, and its terms of reference are included on the company website. Its composition, duties and main activities during the year is included in the Report of the Directors. The terms of reference of the Remuneration Committee are included on the company web site. Its composition, duties and main activities during the year is included in the Directors' Remuneration report. There is no Nomination Committee. Given the size of the business, all senior appointments are considered by the Board as a whole. The matters reserved for the Board are set out under Principle 5. The Board will continue to monitor the governance framework in line with the Group's plans for growth and will make further adjustments and improvements as required.

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

The Board communicates with shareholders through the annual report and accounts, interim report other regulatory announcements, the Annual General Meeting (AGM) and one-on-one meetings with both existing and potential shareholders. At the end of the Annual General Meeting shareholders are encouraged to express their views to the Directors. Corporate information is available to shareholders and other stakeholders on the Company website including details of the activities of the different businesses, and announcement. The Company also receives updates from its corporate brokers on the views of shareholders.

The Directors' remuneration report is on pages 38 and 39 and an overview of the Audit Committee's duties and activities during the year are on page 36 and on the Corporate Governance section of the Company's website.

Maurice Dwek
Chairman

9 September 2024

DIRECTORS' REPORT

The Directors submit their annual report and audited financial statements of the Group for the year ended 30 April 2024.

Financial results and dividends

The Board is proposing a dividend of Nil per share (2023: Nil per share).

Directors

The Directors who served during the year and to the date of signing were as follows:

M Dwek

M-C Dwek

P Campbell-White

M Rapoport

T Yap

Details of the Directors' service contracts are shown in the Directors' remuneration report on page 38. M Rapoport is retiring by rotation in accordance with the Articles of Association of the Company and being eligible, offer themselves for re-election at the next annual general meeting.

Financial instruments

For full details of changes to the Group's management of its financial instruments and its general objectives, policies and processes in respect of financial instruments, please refer to note 18 to the financial statements.

Likely future developments in the business of the Company

Information on likely future developments, exposure to relevant risks and subsequent events in the business of the Group has been included in the Strategic Report and in note 26 - Subsequent events.

Directors' interests

The beneficial and other interests of the Directors in the shares of the Company as at 30 April 2024 and 30 April 2023 were as follows:

	Percentage holding at 30 April 2024	30 April 2024	30 April 2023
M Dwek (a)	19.8%	1,855,989	1,855,989
M Rapoport	12.8%	1,201,100	1,201,100
M-C Dwek	0.5%	50,000	50,000
P Campbell-White	0.1%	12,000	-

(a) These shares are held in the name of Arbury Inc., 51 per cent. of the equity share capital of which is, at the date of this report, beneficially owned by M Dwek.

The interests of Directors in Share Option Schemes operated by the Company at 30 April 2024 and 30 April 2023 were as follows:

	Number of Ordinary Shares under the EMI Scheme 30 April 2024	Number of Ordinary Shares under the EMI Scheme 30 April 2023
M-C Dwek	746,514	656,514
P Campbell-White	70,000	70,000

During FY24 M-C Dwek was granted 90,000 options.

The Directors had no other interests in the shares or share options of the Company or its subsidiaries.

Research & Development (R&D)

The Group is committed to on-going R&D. The strategy is based upon market demand to meet identified security needs in conjunction with a commercial assessment of the short to medium term profitability of each project. The amount of development costs capitalised in the year was £438,000 (2023: £462,000). This is discussed further in the Financial Review.

Going concern

Based on the Group's latest trading, future expectations and associated cash flow forecasts, the Directors have considered the Group cash requirements and forecast covenant compliance and are confident that the Company and the Group will be able to continue trading for a period of at

least twelve months following approval of these financial statements, being the going concern period.

In August 2020, the Group secured a £2 million financing facility from its bankers, HSBC, via the Coronavirus Business Interruption Loan Scheme ("CBILS"). This loan is for a term of 6 years, with the first year being interest, repayment and covenant free under the Business Interruption Payment scheme. The covenant requires the Group to deliver a pre-debt service cashflow of 1.2 times the level of debt service, based on audited accounts.

The 2024 calculation was 2.0 times so 167% of the target. No other financing facilities of the Group have any covenant requirements.

In February 2022, the Group secured a 3 year $2 million invoice financing facility with Seacoast National Bank against invoices raised from our US operation. At 30 April 2024, $0.8 million of the facility was being utilised. The level of invoice financing available varies with the open book of trade debtors at any point in time and therefore the level of financing fluctuates.

In January 2023, the Group increased its UK HSBC invoice financing facility to £2.3 million to provide additional working capital headroom. At 30 April 2024, £1.5 million was being utilised.

At 30 April 2024 the Group had a £0.2 million overdraft facility with its bankers, HSBC, although none was utilised as the Group had a positive bank balance of £1.1 million at year end.

The Group's going concern assessment is based on the Group continuing to generate positive operating cashflows for the period to 30 September 2025. The Group's trading so far in FY25 has delivered positive operating cashflows.

Management are confident that the Group would be able to meet loan repayments and working capital needs. The Group is expected to be able to operate within existing finance facilities, based on Management's detailed monthly cashflow forecasts to September 2025. Should profits or cashflow movements fall behind expectations in this period the Group expects to be able to utilise more of its current UK and US invoice financing facilities and also extend the overdraft facility. Accordingly, the Directors consider it appropriate to prepare the financial statements on a going concern basis.

Audit Committee

The Audit Committee comprises M Dwek, M Rapoport and T Yap and a copy of its written terms of reference are included on the web site. The Audit Committee principal duties during FY24 were as follows:

- Reviewing and approving the interim results for the six months ended 31 October 2023.

- Agreement of the independence of the external auditor and their planning report for the year-end financial statements including the proposed audit fees.

- Reviewing and approving the audited annual report and accounts for the year ended 30 April 2024.

- Discussion with the external auditor of any accounting or financial issues arising in the course of their work.

- Discussion of the auditor's assessment of the adequacy of internal controls.

The main areas of activity during the year included:

- Discussion of the development costs capitalised.

- Impairment reviews of the underlying businesses.

- Review and discussion of going concern and forecasts including the impact of supply chain disruption.

Remuneration Committee

The Remuneration Committee comprises M Dwek, M Rapoport and T Yap (who chairs the committee) and meets at least once a year to review the terms and conditions of employment of Executive Directors including the provision of incentives and performance related benefits. The Directors' Remuneration report is set out on pages 38 and 39 and the terms of reference are on the website.

Directors' responsibilities

The Directors are responsible for preparing the annual 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 elected to prepare the Group financial statements in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006 and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 situation of the Group and Company and of the profit or loss of the Group for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for

companies trading securities on the Alternative Investment Market.

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

• Select suitable accounting policies and then apply them consistently.

• Make judgements and accounting estimates that are reasonable and prudent.

• State whether the Group financial statements have been prepared in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006, subject to any material departures disclosed and explained in the financial statements and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

• Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company 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 enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' statement on information provided to auditors

All of the current Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the auditors are unaware.

Website publication

The Directors are responsible for ensuring the annual report and financial statements are made available on a website. Financial statements are published on the Group's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions.

The maintenance and integrity of the Group's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Approval

This Directors Report was approved by order of the Board on 9 September 2024.

Marie-Claire Dwek
Director

DIRECTORS' REMUNERATION REPORT

Authority

The Remuneration Committee is responsible for approving the remuneration of Executive Directors. The remuneration of Non-Executive Directors is approved by the full Board of the Company.

Membership

At 30 April 2024 the Remuneration Committee comprised three existing Non-Executive Directors, Maurice Dwek, Michel Rapoport and Terrance Yap.

The relevant parts of the career history of the members of the Remuneration Committee are summarised on pages 29 and 30.

Remuneration policy

The Group's policy is to offer remuneration packages which are appropriate to the experience, qualifications and level of responsibility of each Executive Director and are in line with directors of comparable public companies. Bonuses are awarded based on company performance as contractually stipulated. The Remuneration Committee will be implementing a new incentive structure to align senior executives with the 2029 Strategic Growth Plan in the near future.

Service and consultancy agreements

The Company entered into a consultancy agreement with Arbury Inc. on 1 September 1997 for the services provided to the Company by Mr Dwek. The agreement may be terminated by either party subject to 12 months' notice being served. Arbury Inc. is paid a fee in line with the level of responsibilities of Mr Dwek who is also entitled to the provision of a car for which the Company will meet all running expenses. The Company entered into a service agreement on 12 April 2013 with Ms M-C Dwek which may be terminated by either party serving twelve months' notice. The Company entered into a service agreement on 6 September 2021 with Mr Campbell-White which may be terminated by either party serving six months' notice.

Loss of office

When determining any loss of office payment for a departing Director the Committee will always seek to minimise cost to the Company while complying with the contractual terms and seeking to reflect the circumstances in place at the time. The Committee reserves the right to make additional payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation); or by way of settlement or compromise of any claim arising in connection with the termination of an Executive Director's office or employment.

Director's emoluments

Emoluments of the directors (including pension contributions) of the Company during the year ended 30 April 2024 were as follows:

	Consultancy agreement £'000	Salary £'000	Fees £'000	Bonus £'000	Other* Benefits £'000	Total £'000	Pension £'000	Total including pension £'000
Executive Directors								
M-C Dwek	-	229	-	34	19	282	24	306
P Campbell-White	-	187	-	33	19	239	9	248
Non-Executive Directors								
M Dwek (a)	96	-	-	-	37	133	-	133
M Rapoport	-	-	30	-	-	30	-	30
T Yap	-	-	30	-	-	30	-	30
2024	**96**	**416**	**60**	**67**	**75**	**714**	**33**	**747**
2023	83	393	82	35	77	670	33	703

*Includes £9,000 for share options expense for M-C Dwek and £6,000 for Paul Campbell-White

Emoluments of the highest paid Director were £306,000 (2023: £289,000). Bonus payments are based on performance against set targets at an increasing percentage of salary for the extent of exceeding the agreed targets. The Directors' share interests are detailed in the Directors' Report on page 35. (a) The Company paid a consultancy fee of £96,000 (2023: £83,000) to Arbury Inc., a company 51 per cent. owned by M Dwek.

Share option schemes

The Newmark Security PLC EMI Share Option Plan enables the Board to grant qualifying share options under the HM Revenue & Custom's Enterprise Management Incentive ("EMI") tax code and also unapproved share options to employees and directors.

The Remuneration Committee has administered and operated the scheme. Further details of the share option schemes are set out in note 24 to the financial statements.

The number of share options issued to the Directors as at 30 April 2024 are as follows:

Name	No. of options	Date of grant	Exercise price payable
M-C Dwek	454,570	October 2019	90p
M-C Dwek	118,791	October 2019	50p
M-C Dwek	83,153	June 2022	50p
M-C Dwek	90,000	June 2023	53.5p
P Campbell-White	70,000	June 2022	5p

During the year M-C Dwek was awarded 90,000 options with an exercise price of 53.5p and vest 1/3 in June 2024, 1/3 in June 2025 and 1/3 June 2026.

During the year 83,565 of M-C Dwek's existing options vested.

In June 2022 P Campbell-White was awarded 70,000 options with an exercise price of 5p. These options vest after 3 years subject to an additional share price vesting criterion that the average closing mid-market share price on the 10 business days preceding the date of exercise must exceed 63.88p, being a 75% premium to the closing mid-market share price on the day before grant date.

The Remuneration Committee, with the assistance of an external firm of remuneration consultants has been evaluating a new long term incentive plan for senior management linked to delivering the 2029 Strategic Growth Plan approved by the Board in June 2024. This new incentive plan is intended to be implemented shortly and will be announced to the market.

Approval

This remuneration report was approved by order of the Board on 9 September 2024.

Marie-Claire Dwek
Director

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the financial statements of Newmark Security plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 April 2024 which comprise the Consolidated Income Statement, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Equity, the Consolidated Statement of Cash Flows and the related notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 101 'Reduced Disclosure Framework' (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 of the parent company's affairs as at 30 April 2024 and of the group's profit for the year then ended;
- The group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- The parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Our approach to the audit

We adopted a risk-based audit approach. We gained a detailed understanding of the group's business, the environment it operates in and the risks it faces.

The key elements of our audit approach were as follows:

In order to assess the risks identified, and to determine the planned audit responses based on a measure of materiality, the engagement team performed an evaluation of identified components calculated by considering the significance of components as a percentage of the group's total revenue, profit before taxation and the group's total assets.

From this, we determined the significance of each component to the group as a whole and devised our planned audit response. In order to address the audit risks described in the Key audit matters section which were identified during our planning process, we performed a full-scope audit of the financial statements of the parent company, Newmark Security plc, the two UK trading entities, Safetell Limited and Grosvenor Technology Limited and its US trading subsidiary, Grosvenor Technology LLC. The operations that were subject to full-scope audit procedures made up 100% of consolidated revenues and 100% of consolidated profit after tax.

Key audit matters

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

Risk Description	Our response to the risk
Revenue recognition: As detailed in note 1 to the financial statements, the group's revenue is generated from a number of streams, as follows: • Sale of hardware; • Software licenses; • Support and maintenance Given the material nature of revenue and the variety of methods it is generated through, the appropriateness of revenue recognition and management's application of the group's revenue recognition accounting policies represents a key risk area of significant judgement in the financial statements.	We have assessed accounting policies for consistency and appropriateness with the financial reporting framework and in particular that revenue was recognised when performance obligations were fulfilled. In addition, we reviewed for the consistency of application as well as the basis of any recognition estimates. We have obtained an understanding of processes through which the businesses initiate, record, process and report revenue transactions. We performed walkthroughs of the processes as set out by management, to ensure controls appropriate to the size and nature of operations are designed and implemented correctly throughout the transaction cycle. We selected a sample of transactions from each revenue stream to confirm that revenue has been recognised in accordance with the accounting policies and performance obligations for the recognition have been met. These have been vouched to invoices, delivery notes or evidence of services being provided and nominal postings. We performed cut-off procedures to test transactions around the year end and verified a sample of revenue to originating documentation to provide evidence that transactions were recorded in the correct accounting year. We tested a sample of post year end credit notes to related invoices to verify that revenue has been recorded in the correct accounting year. We obtained a complete listing of journals posted to revenue nominal codes and reviewed the listing for any unexpected entries. These were then tested to supporting evidence. Our procedures did not identify any material misstatements in the revenue recognised during the year.
Valuation of goodwill and intangible assets The Group has a significant carrying value of intangible assets and goodwill. The Group's assessment of carrying value requires significant judgement, in particular regarding cash flows, growth rates, discount rates and sensitivity assumptions.	We obtained management's assessment, discussed the key assumptions with management and tested the arithmetical accuracy of the underlying models. We challenged the assumptions and judgements used in the impairment model, which included: • We considered historical trading performance by comparing recent growth rates of both revenue and operating profit. • We assessed the appropriateness of the assumptions concerning growth rates and

	inputs to the discount rates against latest market expectations. • We performed sensitivity analysis to determine whether an impairment would be required if costs increase at a higher than forecast rate. • We reviewed the disclosures in the financial statements. We have not identified any matters which indicate that the assumptions and estimates made by management are unreasonable.

Our application of materiality

We apply the concept of materiality in planning and performing our audit, in determining the nature, timing and extent of our audit procedures, in evaluating the effect of any identified misstatements, and in forming our audit opinion.

The materiality for the group financial statements as a whole was set at £222,800. This has been determined with reference to the benchmark of the group's revenue which we consider to be an appropriate measure for a group of companies such as these. Materiality represents 1% of group revenue. Performance materiality has been set at 80% of group materiality.

The materiality for the parent company financial statements as a whole was set at £71,100 and performance materiality represents 80% of materiality. This has been determined with reference to the parent company's net assets, which we consider to be an appropriate measure for a holding company with investments in trading subsidiaries. Materiality represents 2% of net assets as presented on the face of the parent company's Statement of Financial Position.

Conclusions relating to going concern

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

Our evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included:

• Reviewing management's cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements;

• Challenging management on key assumptions included in their forecast scenarios;

• Considering the potential impact of various scenarios on the forecasts;

• Reviewing results post year end to the date of approval of these financial statements and assessing them against original budgets;

• Reviewing the forecasting accuracy through reviewing the prior year budgets compared to actuals;

• Reviewing forecast covenant compliance; and

• Reviewing management's disclosures in the financial statements.

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 ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information included in 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 audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

• The information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

• The strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

• Adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or

• The parent company financial statements are not in agreement with the accounting records and returns; or• certain disclosures of directors' remuneration specified by law are not made; or

• We have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 36, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor responsibilities for the audit of the financial statements

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

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:

Our assessment focused on key laws and regulations the company has to comply with and areas of the financial statements we assessed as being more susceptible to misstatement. These key laws and regulations included but were not limited to compliance with the Companies Act 2006, UK adopted international accounting standards, United Kingdom Generally Accepted Accounting Practice (UK GAAP) and relevant tax legislation.

We are not responsible for preventing irregularities and cannot be expected to detect non-compliance with all laws and regulations. Our approach to detecting irregularities included, but was not limited to, the following:

• Obtaining an understanding of the legal and regulatory framework applicable to the entity and how the entity is complying with that framework;

• Obtaining an understanding of the entity's policies and procedures and how the entity has complied with these, through

discussions and sample testing of controls;

- Obtaining an understanding of the entity's risk assessment process, including the risk of fraud;
- Designing our audit procedures to respond to our risk assessment;
- Performing audit testing 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 specifically in relation to goodwill and deferred tax assets.

Whilst considering how our audit work addressed the detection of irregularities, we also consider the likelihood of detection based on our approach. Irregularities arising from fraud are inherently more difficult to detect than those arising from error.

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

Use of our report

This report is made solely to the parent 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 parent 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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Melanie Hopwell (Senior Statutory Auditor)
For and on behalf of Cooper Parry Group Limited
Statutory Auditor

Sky View
Argosy Road
East Midlands Airport
Castle Donington
Derby
DE74 2SA

9 September 2024

Newmark
SECURITY PLC

Financial Report

FINANCIAL STATEMENTS

Consolidated income statement for the year end 30 April 2024

	Notes	2024 £'000	2023 £'000
Revenue	2	22,277	20,314
Cost of sales		(13,692)	(12,676)
Gross profit		8,585	7,638
Administrative expenses		(7,811)	(7,354)
Profit from operations	3	774	284
Finance costs	6	(386)	(348)
Profit/(loss) before tax		388	(64)
Tax (charge)/credit	7	(254)	417
Profit for the year		134	353
Attributable to:			
- Equity holders of the parent		134	353
Earnings per share			
- Basic (pence)	8	1.43	3.77
- Diluted (pence)	8	1.35	3.69

Consolidated statement of comprehensive income

	2024 £'000	2023 £'000
Profit for the year	134	353
Foreign exchange on the retranslation of overseas operation	18	(22)
Total comprehensive income for the year	152	331
Attributable to:		
- Equity holders of the parent	152	331

The notes on pages 50 to 77 form part of these financial statements.

Consolidated statement of financial position at 30 April 2024

Company number: 03339998

ASSETS	Note	2024 £'000	2023 £'000
Non-current assets			
Property, plant and equipment	9	2,702	2,914
Intangible assets	10	5,226	5,450
Deferred tax	7	303	454
Total non-current assets		8,231	8,818
Current assets			
Inventories	13	2,738	4,150
Trade and other receivables	14	4,544	4,978
Cash and cash equivalents		1,137	581
Total current assets		8,419	9,709
Total assets		16,650	18,527
LIABILITIES			
Current liabilities			
Trade and other payables	15	3,545	4,559
Other short-term borrowings	16	2,978	3,402
Total current liabilities		6,523	7,961
Non-current liabilities			
Long term borrowings	17	1,893	2,537
Provisions	20	110	100
Total non-current liabilities		2,003	2,637
Total liabilities		8,526	10,598
TOTAL NET ASSETS		8,124	7,929
Capital and reserves attributable to equity holders			
Share capital	21	4,687	4,687
Share premium	22	553	553
Merger reserve	22	801	801
Foreign exchange reserve	22	(163)	(181)
Retained earnings	22	2,206	2,029
Total attributed to equity holders		8,084	7,889
Non-controlling interest	22	40	40
TOTAL EQUITY		8,124	7,929

The financial statements were approved by the Board of Directors and authorised for issue on 9 September 2024.

Paul Campbell-White

Director

The notes on pages 50 to 77 form part of these financial statements.

Consolidated statement of cash flows for the year ended 30 April 2024

	Notes	2024 £'000	2023 £'000
Cash flow from operating activities before exceptional items			
Profit after tax		134	353
Adjustments for: Depreciation, amortisation and impairment	3	1,459	1,201
Finance cost	6	386	348
Gain on sale of property, plant and equipment	3	(19)	(37)
Share based payment		43	27
Corporation tax charge/(credit)	7	254	(417)
Operating profit before changes in working capital and provisions		2,257	1,475
Decrease/(increase) in trade and other receivables		156	(999)
Decrease/(Increase) in inventories		1,412	(167)
(Decrease)/increase in trade and other payables		(1,004)	1,384
Cash generated from operations		2,821	1,693
Corporation tax recovered		177	400
Cash flow from operating activities		2,998	2,093
Cash flow from investing activities			
Acquisition of property, plant and equipment	9	(415)	(405)
Sale of property, plant and equipment		19	37
Aquisition of intangible assets	10	(438)	(462)
		(834)	(830)
Cash flow from financing activities			
Bank loans paid	17	(400)	(400)
Principal paid on lease liabilities	23	(565)	(394)
Invoice financing (repayments)/proceeds	16	(365)	290
Interest paid		(293)	(299)
		(1,623)	(803)
Increase in cash and cash equivalents		541	460
Cash and cash equivalents at beginning of year		581	157
Exchange differences on cash and cash equivalents		15	(36)
Cash and cash equivalents at end of year		1,137	581

The notes on pages 50 to 77 form part of these financial statements.

Consolidated statement of changes in equity

	Share capital £'000	Share premium £'000	Merger reserve £'000	Foreign exchange reserve £'000	Retained earnings £'000	Amounts attributable to owners of the parent £'000	Non-controlling interest £'000	Total equity £'000
At 1 May 2023	4,687	553	801	(181)	2,029	7,889	40	7,929
Profit for the year	-	-	-	-	134	134	-	134
Other comprehensive income	-	-	-	18	-	18	-	18
Total comprehensive income for the year	-	-	-	18	134	152	-	152
Transactions with owners								
Share based payment	-	-	-	-	43	43	-	43
As at 30 April 2024	4,687	553	801	(163)	2,206	8,084	40	8,124

	Share capital £'000	Share premium £'000	Merger reserve £'000	Foreign exchange reserve £'000	Retained earnings £'000	Amounts attributable to owners of the parent £'000	Non-controlling interest £'000	Total equity £'000
At 1 May 2022	4,687	553	801	(159)	1,649	7,531	40	7,571
Profit for the year	-	-	-	-	353	353	-	353
Other comprehensive income	-	-	-	(22)	-	(22)	-	(22)
Total comprehensive income/(loss) for the year	-	-	-	(22)	353	331	-	331
Transactions with owners								
Share based payment	-	-	-	-	27	27	-	27
As at 30 April 2023	4,687	553	801	(181)	2,029	7,889	40	7,929

The notes on pages 50 to 77 form part of these financial statements.

1. Accounting policies

Newmark Security (the "Company") is a public limited company, limited by shares, registered number 03339998 in England & Wales. The consolidated financial statements of the Company comprise the Company and its subsidiaries (together referred to as the "Group"). The registered office of the Group is 91 Wimpole Street, London, W1G 0EF. The principal place of business of Grosvenor Technology Limited is Unit S, The Fulcrum Centre, Vantage Way, Poole, Dorset, UK, BH12 4NU and for Safetell Limited is Unit 46, Fawkes Avenue, Dartford, Kent, DA1 1JQ.

The financial statements are for the year ending 30 April 2024 (2023: year ended 30 April 2023).

Basis of preparation

The primary economic environment in which the Group operates is the UK and therefore the consolidated financial statements are presented in pounds sterling ('£') to the nearest round thousand (£'000) unless otherwise stated.

The consolidated financial statements have been prepared on a historical cost basis.

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated. These consolidated financial statements have been prepared in accordance with UK adopted international accounting standards ("IFRS") in conformity with the requirements of the Companies Act 2006.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of income and expenses, and assets and liabilities. These judgements and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgements about carrying values of assets and liabilities. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Any revisions to the accounting estimates are recognised in the period in which the revision is made.

There were a number of amendments to standards which became effective during the period, but none of which had a significant impact on the accounting policies of the group in the year.

No new standards that are not yet effective have been early adopted or are expected to have a material impact on the Group's profit or loss.

Going concern

Based on the Group's latest trading, future expectations and associated cash flow forecasts, the Directors have considered the Group cash requirements and forecast covenant compliance and are confident that the Company and the Group will be able to continue trading for a period of at least twelve months following approval of these financial statements, being the going concern period.

In August 2020, the Group secured a £2 million financing facility from its bankers, HSBC, via the Coronavirus Business Interruption Loan Scheme ("CBILS"). This loan is for a term of 6 years, with the first year being interest, repayment and covenant free under the Business Interruption Payment scheme. The covenant requires the Group to deliver a pre-debt service cashflow of 1.2 times the level of debt service, based on audited accounts. The 2024 calculation was 2.0 times so 167% of the target. No other financing facilities of the Group have any covenant requirements.

In February 2022, the Group secured a 3 year $2 million invoice financing facility with Seacoast National Bank against invoices raised from our US operation. At 30 April 2024, $0.8 million of the facility was being utilised. The level of invoice financing available varies with the open book of trade debtors at any point in time and therefore the level of financing fluctuates.

In January 2023, the Group increased its UK HSBC invoice financing facility to £2.3 million to provide additional working capital headroom. At 30 April 2024, £1.5 million was being utilised.

At 30 April 2024 the Group had a £0.2 million overdraft facility with its bankers, HSBC, although none was utilised as the Group had a positive bank balance of £1.1 million at year end.

The Group's going concern assessment is based on the Group continuing to generate positive operating cashflows for the period to 30 September 2025. The Group's trading so far in FY25 has delivered positive operating cashflows.

Management are confident that the Group would be able to meet loan repayments and working capital needs. The Group is expected to be able to operate within existing finance facilities, based on Management's detailed monthly cashflow forecasts to September 2025. Should profits or cashflow movements fall behind expectations in this period the Group expects to be able to utilise more of its current UK and US invoice financing facilities and also extend the overdraft facility. Accordingly, the Directors consider it appropriate to prepare the financial statements on a going concern basis.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the management team comprising the Chief Executive Officer and Chief Financial Officer.

Basis of consolidation

The Group financial statements consolidate the results of the company and all of its subsidiary undertakings drawn up to 30 April 2024. Subsidiaries are entities controlled by the group. The company controls a subsidiary if all three of the following elements are present: power over the subsidiary; exposure to variable returns from the subsidiary; and the ability of the investor to use its power to affect those variable returns. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Revenue

Performance obligations and timing of revenue recognition

The majority of the group's revenue is derived from selling hardware, with revenue recognised at a point in time when control of the goods has transferred to the customer. This is generally when the goods are delivered to the customer. However, for export sales, control might also be transferred when delivered either to the port of departure or port of arrival, depending on the specific terms of the contract with a customer. There is limited judgement needed in identifying the point control passes: once physical delivery of the products to the agreed location has occurred, the group no longer has physical possession, usually will have a present right to payment (as a single payment on delivery) and retains none of the significant risks and rewards of the goods in question.

Software sales are recognised when the license key is given to the customer, as the customer has a right to use the Group's intellectual property as it exists at a point in time when the licence is granted (a 'passive' license). There is ongoing support provided but this is a distinct separate performance obligation, and provided under a separate contract. There are no significant upgrades provided that are fundamental to the ongoing use of the license by the customer.

The Group provides support and service contracts to customers, which are invoiced separately to the goods and software noted above and are considered to be distinct performance obligations. The revenue from support, Software-as-a-Service (SaaS) and Clocks-as-a-Service (ClaaS) contracts in the people and data management division is recognised over time as the customer simultaneously receives and consumes the benefits of the service over the life of the contract. The revenue is recognised straight line over the life of the contract.

In the Physical Security Solutions division, most service revenue is recognised at a point in time and is based on the company fulfilling its performance obligations with work completed in any given month. For some smaller contracts a regular fee is charged for a period of service rather than per visit and is therefore recognised over time.

The Group also provide maintenance and installation services. Revenue for maintenance contracts is recognised at a point in time, as and when maintenance work is performed for the customer and is based on the level of work required at that time. Revenue for installation services is also recognised at a point in time, when the work has been completed. Where there is an additional fee for project management relating to the installation, this is treated as one performance obligation and invoiced when the installation is complete.

Determining the transaction price

The Group's revenue is derived from fixed price contracts for each revenue stream and therefore the amount of revenue to be earned from each contract is determined by reference to those fixed prices.

Allocating amounts to performance obligations

For most contracts, there is a fixed unit price for each product or service sold, with reductions given for bulk orders placed at a specific time. Therefore, there is no judgement involved in allocating the contract price to allocate to each revenue stream sold to one customer. Where a customer orders more than one service (i.e. product, installation and ongoing service), the Group is able to determine the split of the total contract price between each revenue stream by reference to each standalone selling price (all revenue streams are capable of being, and are, sold separately).

Payment terms

Payment for all revenue streams noted above is due between 30 and 60 days after the invoice is raised. For all revenue recognised at a point in time, the invoice is raised when the product or service has been supplied. Deferred income arises where invoices relate to maintenance visits for several sites and not all have been visited at year end. Accrued income is recognised following a service visit that requires an application process to be adhered to under the main contract spanning 1-3 years. Once the application process is finalised an invoice is raised and the value is removed from accrued income.

For service revenue recognised over time, the invoice is raised on a monthly basis for most customers.

Business combinations

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the consolidated statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal as appropriate.

Goodwill

Goodwill represents the excess of the cost of a business combination over the interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired. Cost comprises the fair values of assets given, liabilities assumed and equity instruments issued.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the income statement.

Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the income statement.

Impairment of non-financial assets

Impairment tests on goodwill are undertaken annually on 30 April. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying value may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and risk specific to the asset.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit (i.e. the lowest group of assets in which the asset belongs for which there are separately identifiable cash flows). Goodwill is allocated on initial recognition to each of the Group's cash- generating units that are expected to benefit from the synergies of the combination giving rise to the goodwill.

Impairment charges are included in the cost of sales line item in the income statement for research and development and in the administration line for goodwill. An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment had been recognised.

In testing for impairment, management has to make judgements and estimates about future events which are uncertain. Adverse results compared to these judgements could alter the decision of whether an impairment is required.

Foreign currency

The consolidated financial statements are presented in sterling, which is the main functional currency of the Group's operating entities.

Transactions entered into by Group entities in a currency other than the functional currency of the primary economic environment in which it operates are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the statement of financial position date. Exchange differences

arising on the retranslation of unsettled monetary assets and liabilities are similarly recognised immediately in the income statement.

The results and financial position of all Group companies that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities are translated at the closing rate at the date of the statement of financial position;

(ii) income and expenses are translated at average exchange rates; and

(iii) all resulting exchange differences are recognised as a separate component of equity.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are transferred to the income statement as part of the profit or loss on disposal.

Financial assets

The Group's financial assets comprise trade and other receivables, accrued income, cash and cash equivalents. Trade and other receivables, excluding VAT receivables, are measured initially at fair value and subsequently at amortised cost using the effective interest rate method, less provision for impairment. Impairment provisions for current trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within overheads in the consolidated income statement. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Financial liabilities

Financial liabilities are obligations to pay cash and are recognised when the Group becomes a party to the contractual provisions of the instrument. The Group's financial liabilities comprise trade payables, other payables, overdraft, accruals, loan and invoice discount account. All financial liabilities are measured initially at fair value and subsequently at amortised cost using the effective interest method.

Cash flow hedges

Cash flow hedges are accounted for under fair value. Fair value is calculated by establishing the mark to market value. Movements on the fair value are reflected in the income statement with the fair value being reflected in current assets or liabilities on the consolidated statement of financial position

Share-based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the income statement over the vesting period. Equity settled share options are recognised with a corresponding credit to equity.

The fair value of the share options is measured using either a Black–Scholes or Monte Carlo model, taking into account the terms and conditions of the individual scheme.

Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each statement of financial position 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. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Leases

For any new contracts entered into the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right-of-use of an asset for a period of time in exchange for consideration'. To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

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

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the

lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Group if it is reasonably certain to assess that option; and
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the group is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations).

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term. When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in the consolidated income statement.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- leases of low value assets; and
- leases with a duration of 12 months or less.

Internally generated intangible assets (research and development costs)

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Expenditure on internally developed products is capitalised if it can be demonstrated that:

- it is technically feasible to develop the product for it to be sold;
- adequate resources are available to complete the development;
- there is an intention to complete and sell the product;
- the group is able to sell the product;
- sale of the product will generate future economic benefits; and
- expenditure on the project can be measured reliably.

Capitalised hardware and firmware development costs are amortised over seven years being the period the Group expected to benefit from selling the products developed. Amortisation is charged from when the asset is ready for use and the expense is included within the cost of sales line in the income statement.

Each project is reviewed individually between Finance and the Technical Director regularly to ascertain appropriate accounting treatment.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in the income statement as incurred.

Licences, patents, trademarks and copyright

Costs associated with licences, patents, trademarks, copyrights etc. are capitalised as incurred and are amortised over the expected life of the asset of seven years or to another period if specified in the contract.

Taxation

Income tax expense represents the sum of the tax currently payable or receivable and deferred tax.

Research & Development (R&D) claims are made each year on the basis that the Group overcomes technological uncertainties. This work is carried out for the internal development of hardware and software in the Groups own products and services that it sells and also carries out this work on behalf of other companies. The internal development R&D claim results in a deduction that can be used to reduce tax payable or shown as a credit within current tax, at a reduced rate, as a cash tax credit. Where the Group performs the research and development on behalf of other companies a Research and Development Expenditure Credit (RDEC) is claimed whereby a credit is received within administration costs as reducing the costs to serve.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it

excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date unless the tax is adjusted regarding a previous period whereby the appropriate rate is used accordingly.

Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit; and
- investments in subsidiaries and jointly controlled entities where the group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered). Deferred tax balances are not discounted.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable Group company; or
- different Group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Property, plant and equipment

Items of property, plant and equipment are recognised at cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future costs of dismantling and removing items. The corresponding liability is recognised within provisions.

Depreciation is provided on all items of property, plant and equipment to write off the carrying value of items over their expected useful economic lives. It is applied at the following rates:

Leasehold improvements
– evenly over the length of the lease

Plant and machinery
– 20% per annum straight line

Fixtures and fittings
– 10-15% per annum straight line

Computer equipment
– 25-33.3% per annum straight line

Motor vehicles
– 25-33% per annum reducing balance

Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Weighted average cost is used to determine the cost of ordinarily interchangeable items.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment is recognised immediately in the Consolidated Income Statement.

Provisions

Provisions are recognised for liabilities of uncertain timing or amount that have arisen as a result of past transactions, where it is probable that 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 statement of financial position date, taking into account the risks and uncertainties surrounding the obligation.

Dilapidation provisions are provided on leasehold properties where the terms of the lease require the Group to make good any changes made to the property during the period of the lease. Where a dilapidation provision is required the Group recognises an asset and provision equal to the discounted cost of restating the property to its original state. The asset is included within the overall cost of the right of use asset and depreciated over the remaining term of the lease.

Cash and cash equivalents

Cash and cash equivalents in the cash flow statement include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are included in borrowings in current liabilities in the statement of financial position.

Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

Pension costs

Contributions to the company's defined contribution pension scheme are charged to the consolidated income statement in the year in which they become payable.

Holiday pay provision

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the consolidated statement of financial positiondate and carried forward to future periods. This is measured at the undiscounted salary costs of the future holiday entitlement and so accrued at the balance sheet date.

Non-controlling interests

Non-controlling interests are recognised at the non-controlling party's proportionate share in the recognised amounts of the acquiree's identifiable net assets. The total comprehensive income of non-wholly owned subsidiaries is attributed to owners of the parent and to the non-controlling interests in proportion to their relative ownership interests.

Critical accounting estimates and judgements

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimates

(a) Estimate – cash forecasts used for value in use of cash-generating units and going concern review

The Group tests annually whether goodwill, intangible and tangible assets have suffered any impairment, in accordance with the accounting policy stated above. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations derived from cash forecasts. These calculations require the use of estimates as detailed in note 11 including forecasts from formally approved cash projections to April 2029. Management uses judgement to estimate the extent and timing of future cashflows. The forecasts used to assess the going concern within the review period to September 2025 are based on the same operating forecasts as the impairment review.

(b) Estimate – Useful economic life

The useful economic life used for intangible assets is an estimate based on a review of the historical, commercial and technical experience of senior members of the management team. The key estimate is that Capitalised hardware and firmware development costs are amortised over seven years being the period the Group expected to benefit from selling the products developed.

Judgements

(a) Judgement – Development costs

Development costs on internally developed products are capitalised if it can be demonstrated that the expenditure meets the criteria set out on page 54. These costs are amortised over the period that the Group expects to benefit from selling the products developed. The judgements concerning compliance with the above criteria and the expected useful life of these assets are made using the historical, commercial and technical experience of senior members of the management team.

(b) Judgement – value of recognised deferred tax relating to losses

The Group tests the recoverability of tax losses based on recent results combined with Management's projections. Management reviews profitability over a period of 5 years and assesses the utilisation of tax losses prior to being in a position of tax paying. Management uses judgement to estimate the quantum of taxable losses that will be utilised and recognises a deferred tax asset as appropriate. See note 7.

2. Revenue

The Group has disaggregated revenue into various categories in the following table which is intended to depict how the nature, amount, timing of revenue are affected by economic data and the relationship with the revenue recognition policy above:

	People and Data Management division		Physical Security Solutions division		Total	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Product sales (includes hardware and software)	13,694	13,245	3,690	2,694	17,384	15,939
Installation and Professional Services	115	89	-	-	115	89
Support, Service, ClaaS and SaaS contracts						
Recurring revenue - point in time	-	-	2,118	2,046	2,118	2,046
Recurring revenue - over time	2,660	2,240	-	-	2,660	2,240
	16,469	15,574	5,808	4,740	22,277	20,314
Revenue recognised as follows						
Point in time	13,809	13,334	5,808	4,740	19,617	18,074
Over time	2,660	2,240	-	-	2,660	2,240
	16,469	15,574	5,808	4,740	22,277	20,314

Support, Service, SaaS and ClaaS contracts have a recurring nature to the contracts whereby the customer has purchased products along with a contract usually spanning 12 – 36 months for maintenance and call outs, warranty, technical support or for SaaS contracts – device, data and identity management services. The nature of certain contracts such as support, maintenance, SaaS and ClaaS are consumed over the course of the contract whereas the customer benefits from service and call out obligations at the time of delivery.

Primary Geographic Markets	2024 £'000	2023 £'000
UK	9,515	8,520
USA	8,147	7,417
Belgium	1,575	1,260
Canada	635	955
Netherlands	559	774
Mexico	617	457
Middle East	71	186
Sweden	102	104
Switzerland	50	76
Ireland	188	45
Rest of the world	818	520
	22,277	20,314

There was one customer that accounted for more than 10% of Group revenue at £3.4 million (2023: one customer accounted for more than 10% of revenue at £2 million).

3. Profit from operations

This has been arrived at after charging/(crediting):

	Note	2024 £'000	2023 £'000
Staff costs	4	8,292	7,274
Depreciation of property, plant, and equipment	9	774	625
Amortisation of intangible assets	10	685	576
Foreign exchange differences		46	1
Profit on disposal of property, plant and equipment		(19)	(37)

Auditors remuneration:	2024 £'000	2023 £'000
Audit fees payable to the Company's auditor for the audit of:		
- Company annual accounts	16	15
- Group annual accounts	41	37
Other fees payable to the Company's auditors:		
- Audit of subsidiary companies	54	48
	111	100

4. Staff costs

Staff costs (including the Executive Directors costs) comprise:	2024 £'000	2023 £'000
Wages and salaries	7,117	6,338
Share options expense	43	27
Defined contribution pension costs	289	266
Employer's national insurance contributions and similar taxes	843	643
	8,292	7,274

The average numbers employed (including the Executive Directors) were:	2024 No.	2023 No.
Management, sales and administration	48	47
Production	54	52
	102	99

Key management remuneration (comprising the Executive Directors and Directors of subsidiary companies):	2024 £'000	2023 £'000
Wages and salaries	1,159	870
Employers national insurance contributions and similar taxes	150	122
Share options expense	30	18
	1,339	1,010

4. Staff costs *(continued)*

The emoluments of the Directors of the parent company are set out in the Directors' remuneration report on pages 38 and 39.

5. Segment information

Description of the types of products and services from which each reportable segment derives its revenues

The Group has two main reportable segments:

• People and Data Management division – This division is involved in the design, manufacture and distribution of access control systems (hardware and software) and the design, manufacture and distribution of HCM hardware only, for time-and-attendance, shop-floor data collection, and access control systems. This division contributed 74% (2023: 77%) of the Group's revenue.
• Physical Security Solutions division (previously called the Asset Protection division) – This division is involved in the design, manufacture, installation and maintenance of fixed and reactive security screens, reception counters, cash management systems and associated security equipment. This division contributed 26% (2023: 23%) of the Group's revenue.

Factors that management used to identify the Group's reportable segments

The Group's reportable segments are strategic business units that offer different products and services. The two divisions are managed separately as each involves different technology, and sales and marketing strategies. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

Segment assets and liabilities exclude group company balances.

	People and Data Management division 2024 £'000	Physical Security Solutions division 2024 £'000	Total 2024 £'000
Revenue from external customers	16,469	5,808	22,277
Finance cost	182	86	268
Depreciation	435	263	698
Amortisation	685	-	685
Segment profit/(loss) before income tax	2,180	(339)	1,841
Reportable segment assets	12,544	2,280	14,823
Reportable segments liabilities	4,728	2,275	7,003

5. Segment information *(continued)*

	People and Data Management division 2023 £'000	Physical Security Solutions division 2023 £'000	Total 2023 £'000
Revenue from external customers	15,574	4,740	20,314
Finance cost	154	58	212
Depreciation	341	230	571
Amortisation	572	-	572
Segment profit/(loss) before income tax	2,196	(685)	1,510
Reportable segment assets	13,556	3,739	17,295
Reportable segments liabilities	4,980	3,518	8,498

Reconciliation of reportable segment revenues, profit or loss, assets and liabilities to the Group's corresponding amounts:

		2024 £'000	2023 £'000
Revenue			
Total revenue for reportable segments		22,277	20,314
Profit or loss before income tax expense			
Total profit or loss for reportable segments		1,841	1,510
Parent company salaries and related costs		(694)	(604)
Other parent company costs		(759)	(970)
Profit/(loss) before income tax expense		388	(64)
Corporation taxes		(254)	417
Profit after income tax expense		134	353
Assets			
Total assets for reportable segments		14,823	17,295
Parent company assets	*	1,827	1,261
Group's assets		16,650	18,556
Liabilities			
Total liabilities for reportable segments		7,003	8,498
Parent company liabilities	**	1,523	2,128
Group's liabilities		8,526	10,626

*PLC bank overdraft is set off against other group cash balances and has therefore been included within the asset line owing to an offsetting arrangement that is in place with HSBC.

**Parent company liabilities include dormant companies' intercompany balances which eliminate fully on consolidation therefore do not feature in the consolidated financial statements.

5. Segment information *(continued)*

Geographical information:

Non-current assets by location of assets

	2024	2023
	£'000	£'000
UK	6,752	7,280
USA	1,176	1,084
	7,928	8,364

6. Finance costs

	2024	2023
	£'000	£'000
Lease interest cost	93	49
Bank loans and overdraft	117	141
Invoice financing	176	158
	386	348

7. Tax and deferred tax

	2024	2023
	£'000	£'000
Current tax		
UK corporation tax on profit for the year	28	-
Overseas corporation tax	-	(25)
Adjustment to provision in prior periods	75	(348)
	103	(373)
Deferred tax		
Origination and reversal of temporary differences	(4)	(16)
Effect of change in corporation tax rate	(5)	-
Adjustment to provision in prior periods	160	(28)
	151	(44)
Total tax charge/(credit)	254	(417)

7. Tax and deferred tax *(continued)*

The reasons for the differences between the actual tax credit for the year and the standard rate of corporation tax in the UK applied to profits for the year are as follows:

	2024 £'000	2023 £'000
Profit/(loss) before tax	388	(64)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 25.0% (2023: 19.49%)	97	(12)
Research and development allowances	(79)	(347)
Effects on profits on items not taxable or deductible for tax purposes	24	17
Movement in deferred tax not recognised	(7)	190
Remeasurement of deferred tax for changes in tax rate	(23)	3
Fixed asset differences	16	(14)
Foreign tax credits	-	(25)
Adjustments in respect of prior period	75	(247)
Adjustment in respect of prior period (deferred tax)	160	(28)
Other movements	(9)	46
Total tax charge/(credit)	**254**	**(417)**

The Group has the following tax losses, subject to agreement by HMRC Inspector of Taxes, available for offset against future trading profits as appropriate:

	2024 £'000	2023 £'000
Management expenses and loan relationship deficits	424	240
Trading losses	5,121	5,622
	5,545	5,862

A deferred tax asset has not been recognised for the following:	2024 £'000	2023 £'000
Management expenses and loan relationship deficits	424	240
Trading losses	1,649	1,425
	2.073	1,665

7. Tax and deferred tax *(continued)*

Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 25% (2023: 25%). The March 2021 Budget announced a further increase to the main rate of corporation tax to 25% from 1 April 2023 and was substantively enacted in May 2021.

Deferred tax assets have been recognised in respect of all temporary timing differences giving rise to deferred tax assets if it is probable that these assets will be recovered. The movements in deferred tax assets and liabilities (prior to the offsetting of balances within the same jurisdiction as permitted by IAS12) during the period are shown below. Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances net.

Details of the deferred tax liability, and amounts (charged)/credited to the consolidated income statement are as follows:

	Total	Fixed Assets	Other temporary and deductible differences	Available losses
Asset/(liability)				
At 1 May 2023	454	(664)	69	1,049
Income statement (charge) / credit	(151)	21	9	(181)
At 30 April 2024	303	(643)	78	868
Asset/(liability)				
At 1 May 2022	410	(639)	-	1,049
Income statement credit/(charge)	44	(25)	69	-
At 30 April 2023	454	(664)	69	1,049

Deferred tax assets have been recognised in respect of available losses which are expected to be matched against future trading profits. Management reviews the estimate at year-end and assesses whether latest projections impact the level of recognised deferred tax. Management allow for a fluctuation in projections and apply a level of cautiousness to recognition so that it allows for profit fluctuations.

There are unrecognised deferred tax assets as listed above, which have not been recognised due to the uncertainty of the timing of future profits.

8. Earnings per share (EPS)

	2024	2023
Numerator		
Profit used in basic and diluted EPS (£'000)	134	353
Denominator		
Weighted average number of shares used in basic EPS	9,374,647	9,374,647
Weighted average number of dilutive share options	555,739	190,325
Weighted average number of shares used in diluted EPS	9,930,386	9,564,972
EPS		
Basic earnings per share (pence)	1.43	3.77
Diluted earnings per share (pence)	1.35	3.69

The total number of share options are disclosed in note 24. The weighted average number of dilutive share options relate to options issued with an exercise price being less than the year end average mid-market price and where any share price performance target has been met at year end, pro-rated based on their grant date during the period.

9. Property, plant and equipment

	Right-of-use land and buildings £'000	Right-of-use plant, machinery and motor vehicles £'000	Leasehold improvements £'000	Plant, machinery and motor vehicles £'000	Computer equipment, fixtures and fittings £'000	Total £'000
Cost						
Balance at 1 May 2023	2,164	650	403	371	1,858	5,446
Additions	-	196	1	-	414	611
Disposals	-	(62)	-	(73)	(105)	(240)
Alterations to cost	(27)	-	-	47	(25)	(5)
Reclassification to intangible assets	-	-	-	-	(56)	(56)
Transfers	-	(132)	-	132	-	-
Net exchange differences	-	-	-	-	2	2
Balance at 30 April 2024	2,137	652	404	477	2,088	5,758
Depreciation						
Balance at 1 May 2023	(608)	(240)	(320)	(316)	(1,048)	(2,532)
Disposals	-	61	-	73	105	239
Alterations to depreciation	-	-	-	(49)	27	(22)
Reclassification to intangible assets	-	-	-	-	33	33
Transfers	-	132	-	(132)	-	-
Depreciation	(307)	(184)	(32)	(23)	(228)	(774)
Balance at 30 April 2024	(915)	(231)	(352)	(447)	(1,111)	(3,056)
Net book value 30 April 2024	**1,222**	**421**	**52**	**30**	**977**	**2,702**
Cost						
Balance at 1 May 2022	1,492	834	361	209	1,849	4,745
Additions	759	307	42	6	357	1,471
Disposals	(87)	(474)	-	139	(351)	(773)
Transfers	-	(17)	-	17	-	-
Net exchange differences	-	-	-	-	3	3
Balance at 30 April 2023	2,164	650	403	371	1,858	5,446
Depreciation						
Balance at 1 May 2022	(452)	(526)	(296)	(183)	(1,200)	(2,657)
Disposals	87	437	-	(97)	324	751
Transfers	-	17	-	(17)	-	-
Net exchange differences	-	-	-	-	(1)	(1)
Depreciation	(243)	(168)	(24)	(19)	(171)	(625)
Balance at 30 April 2023	(608)	(240)	(320)	(316)	(1,048)	(2,532)
Net book value 30 April 2023	**1,556**	**410**	**83**	**55**	**810**	**2,914**

10. Intangible assets

		Goodwill £'000	Development costs £'000	Licenses, patents and copyrights £'000	Other £'000	Total £'000
Gross carrying amount						
Balance at 1 May 2023		6,872	10,636	64	9	17,581
Reclassification from property, plant and equipment		-	-	-	56	56
Additions - internally developed		-	435	-	-	435
Additions - external costs		-	-	3	-	3
Balance at 30 April 2024		6,872	11,071	67	65	18,075
Amortisation and impairment						
Balance at 1 May 2023		(4,137)	(7,947)	(38)	(9)	(12,131)
Reclassification from property, plant and equipment		-	-	-	(33)	(33)
Amortisation		-	(673)	(7)	(5)	(685)
Balance at 30 April 2024	*	(4,137)	(8,620)	(45)	(47)	(12,849)
Carrying amount 30 April 2024		2,735	2,451	22	18	5,226
Gross carrying amount						
Balance at 1 May 2022		6,872	10,176	62	9	17,119
Additions - internally developed		-	460	-	-	460
Additions - external costs		-	-	2	-	2
Balance at 30 April 2023		6,872	10,636	64	9	17,581
Amortisation and impairment						
Balance at 1 May 2022		(4,137)	(7,381)	(31)	(6)	(11,555)
Amortisation		-	(566)	(7)	(3)	(576)
Balance at 30 April 2023	*	(4,137)	(7,947)	(38)	(9)	(12,131)
Carrying amount 30 April 2023		2,735	2,689	26	-	5,450

*balance includes impairment provisions for Goodwill of £4,137,000 and Development costs of £3,578,000 totalling £7,715,000

The Group has no contractual commitments for development costs (2023: £Nil).

11. Goodwill and impairment

The carrying amount of goodwill is allocated to the cash generating units (CGU's) as follows:

	2024 £'000	2023 £'000
People and Data Management division	2,735	2,735

11. Goodwill and impairment *(continued)*

The recoverable amounts have been determined from value in use calculations based on cash flow projections from formally approved projections from the Strategic Business Plan updated with the results from the annual budget process covering a five year period to 30 April 2029. The discount rate that was applied was 15% for the People and Data Management division (2023: 15%), representing the pre-tax discount rate that reflects the current market assessment of the time value of money and risk specific to the asset. The compound revenue growth rate for the People and Data Management division is 14% (2023: 23%). The growth rate reflects the impact of customer expansion supported by existing products and products being delivered in the short term. The gross margin assumed in the forecasts is 42% to 51% (2023: 35% to 39%) with the increase due to growth of higher margin recurring revenue. The impairment review applied sensitivities reducing the long term growth rate from 2% to 1% which indicated no impairment. If the discount rate is increased to 20%, there is no impairment. In order for the carrying value to equate to the value in use the discount rate would need to increase to 67%.

12. Subsidiaries

The subsidiaries of Newmark Security plc, all of which have been included in these consolidated financial statements, are as follows in the current and prior year:

Name		Country of incorporation	Proportion of ownership interest (*)	Activity
Custom Micro Products Limited		UK	100%	Dormant
Newmark Technology Limited	(2a)	UK	100%	Dormant
Newmark Technology (C-Cure Division) Limited		UK	100%	Dormant
Safetell International Limited		UK	100%	Dormant
Safetell Limited		UK	100%	Trading
Safetell Security Screens Limited		UK	100%	Dormant
Vema B.V.		The Netherlands	100%	Holding
Vema N.V.	(2b)	The Netherlands	98%	Dormant
Vema UK Limited	(2c)	UK	100%	Dormant
Grosvenor Technology Limited		UK	100%	Trading
Newmark Group Limited		UK	100%	Dormant
Sateon Limited		UK	100%	Dormant
ATM Protection (UK) Limited	(2d)	UK	86.70%	Dormant
ATM Protection Limited	(2e)	UK	86.70%	Dormant
Grosvenor Technology LLC	(2a)	USA	100%	Trading

(1) The shares held in all companies are ordinary shares

(2) The investments in subsidiary companies are held directly by the Company apart from the following:

- (a) Owned by Grosvenor Technology Limited
- (b) Owned by Vema BV 51%, Newmark Security plc 47%.
- (c) Owned by Vema NV
- (d) Owned by Safetell Limited
- (e) 100 per cent. Owned by ATM Protection (UK) Limited

(3) The registered offices for Group companies are as follows:

For all the companies incorporated in UK and the Netherlands the registered office is 91 Wimpole Street, London W1G 0EF apart from Safetell Limited, Safetell International Limited and Safetell Security Screens Limited registered office is Unit 46, Fawkes Avenue, Dartford, Kent DA1 1JQ.

Grosvenor Technology LLC registered office is 3009 Green Street Florida USA.

(4) All the companies have a 30 April year end.

13. Inventories

	2024 £'000	2023 £'000
Raw materials and consumables	1,549	2,870
Work in progress	156	95
Finished goods and goods for resale	1,362	1,518
Less provision for slow moving and obsolete stock	(329)	(333)
	2,738	4,150

	2024 £'000	2023 £'000
Opening provision	(333)	(285)
Stock written off	56	219
Provided for in year	(52)	(267)
Closing provision	(329)	(333)

The amount of inventories consumed in the year was £7,967,000 (2023: £8,557,000).

There is no material difference between the replacement cost of stocks and the amounts stated above.

14. Trade and other receivables

	2024 £'000	2023 £'000
Trade receivables	3,827	3,814
Less provision for impairment	(51)	(77)
Trade receivables (net)	3,776	3,737
Other receivables	106	301
Accrued income	197	260
Prepayments	441	378
Corporation tax recoverable	24	302
	4,544	4,978

At 30 April 2024 £2,186,000 (2023: £2,551,000) of trade receivables had been transferred to a provider of invoice financing services. The Group is committed to secure any of the debts transferred and therefore continues to recognise the debts sold within trade receivables until the debtors repay or default. Since the trade receivables continue to be recognised, the business model of the Group is not affected. The proceeds from transferring the debts are included in other financial liabilities until the debts are collected or the Group makes good any losses incurred by the service provider.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and aging. The contract assets have similar risk characteristics to the trade receivables for similar types of contracts.

The expected loss rates for both the Physical Security Solutions division and the People and Data Management division are also based on the historical credit losses experienced over the three year period prior to the period end, the ageing of debtors, the credit control procedures which are in place and the type of usiness customer which is not expected to change significantly. Where necessary for

14. Trade and other receivables *(continued)*

customers with a different risk profile and for new customers, the customer's most recent financial and any forward looking information is reviewed on an individual basis.

The historical loss rates are then reviewed for current and forward-looking information on macroeconomic factors affecting the Group's customers which are normally not expected to change significantly in the geographic areas in which those customers are based. Any balances past due which are over credit insurance limits will also be considered for provision.

The credit risk associated with trade receivables is managed through the Company's standard credit processes. The directors consider that the carrying amount of trade receivables approximates to their fair value.

At 30 April 2024 trade receivables of £723,000 (2023: £1,984,000) were past due but not impaired. The ageing analysis of these receivables is as follows:

	Current	30 days past due	60 days past due	120 days past due	Total
	£'000	£'000	£'000	£'000	£'000
As at 30 April 2024					
Gross carrying amount	3,104	552	131	40	3,827
Loss provision	(5)	(5)	(18)	(23)	(51)
Expected Loss ratio	(0.2%)	(0.9%)	(13.7%)	(57.5%)	(1.3%)
As at 30 April 2023					
Gross carrying amount	1,830	1,766	123	95	3,814
Loss provision	-	(2)	(6)	(69)	(77)
Expected Loss ratio	0.0%	(0.1%)	(4.9%)	(72.6%)	(2.0%)

Movements on Group provisions for impairment of trade receivables are as follows:

	2024	2023
	£'000	£'000
Opening balance	77	35
(Decrease)/increase in provisions	(26)	42
Closing balance	51	77

The movement on the provision for impaired receivables has been included in the administrative expense line in the income statement.

15. Trade and other payables

	2024	2023
	£'000	£'000
Trade payables	1,920	2,131
Other taxes and social security	472	848
Other payables	4	78
Deferred income	170	690
Accruals	870	723
Holiday pay provision	109	89
	3,545	4,559

All deferred income brought forward in 2024 and 2023 has been fully recognised in the current year.

16. Short-term borrowings

	2024	2023
	£'000	£'000
Lease creditor (note 23)	392	451
Invoice financing accounts	2,186	2,551
Bank loan	400	400
	2,978	3,402

The UK invoice financing facility is secured by a debenture on all assets of Grosvenor Technology Limited, and a corporate guarantee and indemnity from the parent company and Safetell Limited. The US invoice financing facility is secured by a debenture on all assets of Grosvenor Technology LLC.

In August 2020, the Group secured a £2 million financing facility from its bankers, HSBC, via the Coronavirus Business Interruption Loan Scheme ("CBILS"). This loan is for a term of 6 years, with the first year being interest, repayment and covenant free under the Business Interruption Payment scheme. The interest is at a fixed annual interest rate of 4.69%. The covenant requires the Group to deliver a pre-debt service cashflow of 1.2 times the level of debt service.

Information about fair values on the financial liabilities is given in note 19.

17. Long-term borrowings

	2024	2023
	£'000	£'000
Lease creditor (note 23)	1,360	1,604
Bank loan	533	933
	1,893	2,537

Maturity profile of bank loan:

	2024	2023
	£'000	£'000
Up to 12 months	400	400
1 to 2 years	133	400
2 to 5 years	-	133
Total	533	933

Information about fair values on the financial liabilities is given in note 19.

18. Financial instruments

The Group's overall risk management programme seeks to minimise potential adverse effects on the Group's financial performance.

The Group's financial instruments comprise cash, borrowings and liquid resources, and various items such as trade receivables and payables that arise directly from its operations. The Group is exposed through its operations to one or more financial risks the details of which are disclosed in the Strategic report on page 25.

18. Financial instruments (continued)

Financial instruments

Categories of financial assets and liabilities are detailed below:

	Amortised cost	
	2024	2023
	£'000	£'000
Current financial assets		
Trade and other receivables*	4,079	4,120
Cash and cash equivalents	1,137	581
Total current financial assets	**5,216**	**4,701**

*includes accrued income and excludes VAT receivable

	Financial liabilities measured at amortised cost	
	2024	2023
	£'000	£'000
Current financial liabilities		
Trade and other payables	1,924	2,209
Accruals and holiday pay provision	979	812
Loans and borrowings	2,978	3,402
Total current financial liabilities	**5,881**	**6,423**
Non-current financial liabilities		
Loans and borrowings	1,893	2,537
Total non-current financial liabilities	**1,893**	**2,537**
Total financial liabilities	**7,774**	**8,960**

Financial instrument risk exposure management

The Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, apart from as mentioned within the expected credit loss review in note 14, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises are:

- Trade receivables, other receivables excluding VAT and accrued income
- Cash and cash equivalents including overdrafts
- Trade and other payables including holiday pay and accruals
- Invoice financing
- Lease liabilities.

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below.

18. Financial instruments (continued)

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that the Group has sufficient funds to meet its liabilities when they become due. The Group has one major central bank facility under which any overdrafts can be offset against cash balances held by other UK subsidiaries. Both Grosvenor Technology Limited and Safetell Limited have invoice financing facilities. The Group Finance Director receives daily reports of all bank and invoice discount accounts, and the balance of the available invoice discount facility.

Overdraft and banking facilities are renewed annually.

Budgets are prepared by each subsidiary and approved by the Group Board so that the cash requirements of the Group facility are anticipated and revised forecasts will be produced for any major variances from budget.

The maturity analysis of the undiscounted financial liabilities measured at amortised cost is as follows:

	2024 £'000	2023 £'000
up to 3 months	3,129	3,266
3 to 6 months	225	244
6 to 12 months	446	487
Later than 1 year and not later than 5 years	2,031	2,912
	5,831	6,909

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer fails to meet its obligations, and the Group is mainly exposed to credit risk from credit sales.

In line with Group policy potential new customers are subject to a financial review, including where possible, external credit ratings, before goods or services are supplied. This is used to set credit terms and purchase limits (representing the maximum open amount they can order without requiring approval) for each customer. A monthly review of the trade receivables' ageing analysis is undertaken and customers' credit is reviewed continuously. Customers that become "high risk" are placed on a restricted customer list, and future credit sales are made only with the approval of the local management otherwise pro forma invoices are raised requiring payment in advance. Credit insurance is obtained by the Group when considered appropriate. A review of the existing credit loss exposure can be found in note 14.

Foreign currency risk

The Group's main foreign currency risk is the short-term risk associated with financial assets denominated in US dollars and Euros relating to the UK operations whose functional currency is sterling. The risk arises on the difference between exchange rates at the time the invoice is raised to when the invoice is settled by the customer. The Group is exposed to currency risk on financial liabilities which are denominated in currencies other than sterling and this risk is measured against costs of purchasing in foreign currencies. The Group is also exposed to currency risk on the translation of profits generated in the US.

The group's foreign exchange strategy effectively hedges 75% of excess USD and reduces the level of volatility compared to using spot rates. The contracts manage our currency mismatch between an increasing USD position generated from revenues and the existing cost base in both GBP and euros. The adopted process involved currency forecasting three quarters ahead and taking out tranches of forward contracts for 25% of each of the forecasted quarters relating to our excess USD position. At 30 April 2024 there were seven contracts in place for $3,500,000 which would translate to £2,742,618 in the next financial year (FY25).

18. Financial instruments (continued)

Functional currency of individual entity

As of 30 April the net exposure to foreign exchange risk in currencies other than the functional currency of that operating company was as follows:

	US Dollar		Euro	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Net foreign currency financial assets/(liabilities)	922	(112)	(220)	97
Pound sterling	922	(112)	(220)	97

The effect of a 10% strengthening of the Euro and Dollar against Sterling at the statement of financial position date on the Euro/Dollar denominated trade and other receivables and payables carried at that date would, all other variables held constant, have resulted in a net increase in pre-tax profit for the year and decrease of net assets of £78,000 (2023: £2,000). A 10% weakening in the exchange rates would, on the same basis, have decreased pre-tax profit and increased net assets by £64,000 (2023: £1,000).

Capital

The Group considers its capital to comprise its ordinary share capital, share premium account, foreign exchange reserve and accumulated retained earnings.

In managing its capital, the Group's primary objective is to ensure its continued ability to provide a consistent return for its equity shareholders through capital growth and distributions. The Group seeks to maintain a gearing ratio that balances risks and returns at an acceptable level and also to maintain a sufficient funding base to enable the Group to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims, the Group considers not only its short-term position but also its long-term operational and strategic objectives.

Loan covenants are disclosed in note 16.

The cash-to-adjusted-capital ratios were as follows:

	2024	2023
	£'000	£'000
Loans and borrowings	4,871	5,939
Less cash and cash equivalents	(1,137)	(581)
Net borrowings	**3,734**	**5,358**
Total equity	**8,124**	**7,929**
Net borrowings to adjusted capital ratio	46.0%	67.6%

19. Financial assets and liabilities

Fixed rate liabilities at 30 April 2024 comprise of the £933,000 bank loan being repaid on monthly instalments ending August 2026 and £1,752,000 of lease liabilities with a remaining life of between 1 to 9 years.

The weighted average interest rate of fixed rate liabilities at 30 April 2024 is 3.95% (2023: 3.97%).

19. Financial assets and liabilities *(continued)*

Fair values

The book value and fair values of fixed rate financial liabilities are as follows:

	Book value 2024 £'000	Fair value 2024 £'000	Book value 2023 £'000	Fair value 2023 £'000
Bank Loan	933	1,046	1,333	1,495
Lease liabilities	1,752	1,943	2,055	2,280
	2,685	2,989	3,388	3,775

Fair values of financial liabilities have been determined by discounting cash payments at prevailing market rates of interest having regard to the specific risks attaching to them.

The fair values of all other financial assets and liabilities at 30 April 2024 and 2023 are equal to their book value.

20. Provisions

	Leasehold dilapidations £'000
As at 30 April 2023	100
Increase in provision	10
As at 30 April 2024	110

Leasehold dilapidations relate to the estimated cost of returning a leasehold property to its original state at the end of the lease in accordance with the lease terms. On recognition of the initial provision, an equal amount was recognised as part of the cost of the leasehold improvements. This cost is recognised as depreciation of leasehold improvements over the remaining term of the lease. The main uncertainty relates to estimating the cost that will be incurred at the end of the lease.

21. Share capital

	2024		2023	
	Number	£'000	Number	£'000
Allotted, called up and fully paid				
Ordinary shares of 5p each	9,374,647	469	9,374,647	469
Ordinary shares of 1p each	-	-	-	-
Deferred shares of 0.9p each	468,732,350	4,218	468,732,350	4,218
		4,687		4,687

At the Annual General Meeting held on 10 November 2021, the Company sought shareholder approval for a sub-division and consolidation of the Company's share capital ("Capital Reorganisation"). The shareholders passed the resolution, and as of 11 November 2021, the new ordinary shares were admitted to trading on AIM. As a result of the Capital Reorganisation, each existing ordinary share was subdivided into one new ordinary share of 0.1 pence and one new deferred share of 0.9 pence. Immediately following the sub-division, shareholders received one consolidated ordinary share of 5 pence for every 50 ordinary shares of 0.1 pence.

21. Share capital *(continued)*

Prior to the Capital Reorganisation, the Company's ordinary share capital consisted of 468,732,350 ordinary shares of 1 pence, and subsequent to the Capital Reorganisation, the Company's ordinary share capital consists of 9,374,647 ordinary shares of 5 pence with voting rights listed on AIM and 468,732,350 deferred shares of 0.9 pence with no voting rights.

The new ordinary shares have the same rights and benefits as the ordinary shares which existed before the consolidation, including voting, dividend and other rights.

The new deferred shares do not have any commercial value, are not tradable, and do not have any entitlement to voting or dividend rights. Shareholder certificates were not issued for the new deferred shares.

22. Reserves

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

The share premium account represents the excess of the subscription price of shares issued over the nominal value of those shares, less expenses of issue.

The merger reserve arose in the year ended 30 April 2003 when the Company made an offer to the Global Depository Receipt ("GDR") holders of Vema N.V. for the 49 per cent. of the issued share capital of that company not already owned by the Group. The offer represented 1.5 Newmark shares for each GDR and the merger reserve represented the excess of market value over nominal value of the shares issued.

Retained earnings represents the cumulative amount of retained profits/losses each year as reported in the income statement.

Foreign exchange reserve represents the cumulative exchange differences on the retranslation of foreign operations.

Non-controlling interest represents the share of a non-wholly owned subsidiary's net assets that are not directly attributable to the shareholders of the Company. The subsidiary is the dormant company Vema N.V.

23. Leases

The group's liabilities relating to leased assets are as follows:

	2024 £'000
Lease Liability at 30 April 2023	(2,055)
Additions	(196)
Interest payments	93
Interest expense	(93)
Lease modification	27
Lease payments	472
Lease Liability at 30 April 2024	**(1,752)**

	2023 £'000
Lease Liability at 30 April 2022	(1,411)
Additions	(1,066)
Interest payments	49
Interest expense	(49)
Lease surrendered	32
Lease modification	(4)
Lease payments	394
Lease Liability at 30 April 2023	**(2,055)**

23. Leases (continued)

The group mainly enters into leases for properties, vehicles and office equipment such as photocopiers. In the assessment of the right of use asset valuation management consider available extension and termination options and apply the most likely contract end date that will be utilised.

The lease liability repayment profile is shown below:

	Total £'000	Within 1 yr £'000	1-2 years £'000	2-3 years £'000	3-4 years £'000	Greater than 4 years years £'000
Lease payments	1,943	463	464	257	216	543
Finance charges	(191)	(71)	(48)	(27)	(18)	(27)
Net present values at 30 April 2024	**1,752**	**392**	**416**	**230**	**198**	**516**

	Total £'000	Within 1 yr £'000	1-2 years £'000	2-3 years £'000	3-4 years £'000	Greater than 4 years years £'000
Lease payments	2,280	526	413	419	217	705
Finance charges	(225)	(75)	(55)	(37)	(19)	(39)
Net present values at 30 April 2023	**2,055**	**451**	**358**	**382**	**198**	**666**

The nature of the right of use assets contracts are described below:

	Number of right of use assets leased	Range of remaining term (years)	Number of leases with option to purchase	Number of leases with termination option
Office building	4	1-9	-	2
Vehicles	20	0-4	4	-
Other Equipment	4	2-4	-	1

See note 9 for further disclosures of the Group's right-of -use Assets. There are no leases with extension options or leases with variable payment terms linked to an index.

24. Share-based payments

In September 2019 the Group adopted the Newmark Security plc EMI Share Option Plan which enabled the Board to grant qualifying share options under the HM Revenue and Custom's Enterprise Management Incentive ("EMI") tax code and also unapproved share options to employees and directors. Options had previously been granted under the 2007 EMI plan.

The EMI share options usually vest and become exercisable 3 years from the date of grant (subject to leaver and takeover provisions), or such other period of time specified by the Remuneration Committee. All options have a 10 year life.

The table below summarises the movements in the number of share options outstanding:

24. Share-based payments *(continued)*

	2024 No. of options	As restated 2023 No. of options
Outstanding at beginning of year	951,514	613,361
Granted during the year	195,000	378,153
Forefeited during the year	(20,000)	(40,000)
Outstanding at end of year	**1,126,514**	**951,514**
Exercisable at end of year	561,482	477,917

The number of options outstanding and exercisable as at 30 April 2023 has been restated to include 242,272 of options that were incorrectly designated as lapsed.

The options granted in the current and prior years are valued using the assumptions below:

Date of grant	Share price at date of grant (pence)	Exercise price (pence)	Vesting period and conditions	Expected volatility %	Risk-free rate %	Dividend yield %	Fair value (pence)	Valuation method
October 2019	34.8	90	b	43%	3%	-	2.7	Black Scholes
October 2019	34.8	50	c	43%	3%	-	5.9	Black Scholes
October 2019	45.0	85	a	43%	3%	-	5.5	Black Scholes
June 2022	36.5	50	c	51%	3%	-	12.6	Black Scholes
June 2022	36.5	5	d	51%	3%	-	26.3	Monte Carlo
July 2023	53.5	53.5	c	51%	4.7%	-	23.3	Black Scholes
July 2023	53.5	5	e	51%	4.7%	-	38.5	Monte Carlo

Notes

a) Options vest 3 years after date of grant

b) Options vest in accordance with the dates from their original vesting schedule which was 1/3 one year after date of grant, 1/3 two years after date of grant, 1/3 years after date of grant. See below for further details regarding the modification

c) Options vest 1/3 one year after date of grant, 1/3 two years after date of grant, 1/3 years after date of grant

d) Options vest 3 years after date of grant subject to an additional share price vesting criteria that the average closing mid-market share price on the 10 business days preceding the date of exercise must exceed 63.88p, being a 75% premium to the closing mid-market share price on the day before grant date

e) Options vest 3 years after date of grant subject to an additional share price vesting criteria that the average closing mid-market share price on the 10 business days preceding the date of exercise must exceed 85.6p, being a 60% premium to the closing mid-market share price on the day before grant date

•All issued share options were adjusted on 10 November 2022 following the 50:1 share re-organisation in line with share plan rules. This resulted in the number of options reduced by 50 times and the exercise price increased by 50 times.

• The remaining weighted average contractual lives were 6.9 years (2023: 8.1 years). The share based remuneration expense for equity settled schemes was £43,000 (2023: £27,000).

25. Related party transactions

Details of Directors’ remuneration are given in the Directors’ Remuneration report on pages 38 to 39.

26. Subsequent events

The Directors are not aware of any material events which occurred after the reporting date of these financial statements which will significantly affect the financial position of the Group or the results of its operations.

Company statement of financial position

At 30 April 2024

Company number: 03339998

	Note	2024 £'000	2024 £'000	2023 £'000	2023 £'000
Fixed assets					
Investment in subsidiaries	3		14,236		14,236
Tangible assets	4		46		120
Intangible assets	4		-		-
			14,282		14,356
Current assets					
Debtors	5	2,552		3,788	
Cash at bank		35		-	
		2,587		3,788	
Creditors: amounts falling due within one year	6	(12,731)		(13,526)	
Net current liabilities			(10,144)		(9,738)
Total assets less current liabilities			4,138		4,618
Amounts falling due after one year					
Long term borrowings	7		(582)		(986)
Net assets			3,556		3,632
Capital and reserves					
Called up share capital	8		4,687		4,687
Share premium account	8		553		553
Merger reserve	8		801		801
Profit and loss account	8		(2,485)		(2,409)
Shareholder's funds			3,556		3,632

The Company has elected to take the exemption under section 408 of the Companies Act 2006 from presenting the Company income statement. The Company's loss for the current year was £92,000 (2023: loss £230,000).

The notes on pages 80 to 85 form part of these financial statements.

These financial statements were approved by the Board of Directors and authorised for issue on 9 September 2024.

Paul Campbell-White

Director

Company statement of changes in equity

	Share capital	Share premium	Merger reserve	Retained earnings	Total equity
01 May 2023	4,687	553	801	(2,409)	3,632
Comprehensive Income/(loss) for the year					
Income and total comprehensive loss for the year	-	-	-	(92)	(92)
Transaction with owners					
Share based payments	-	-	-	16	16
30 April 2024	**4,687**	**553**	**801**	**(2,485)**	**3,556**
01 May 2022	4,687	553	801	(2,189)	3,852
Comprehensive Income/(loss) for the year					
Income and total comprehensive loss for the year	-	-	-	(230)	(230)
Transaction with owners					
Share based payments	-	-	-	10	10
30 April 2023	**4,687**	**553**	**801**	**(2,409)**	**3,632**

The notes on pages 80 to 85 form part of these financial statements.

1. Accounting policies

Basis of preparation

The Company financial statements for Newmark Security plc have been prepared in accordance with Financial Reporting Standard 100 Application of Financial Reporting Requirements ("FRS 100") and Financial Reporting Standard 101 Reduced Disclosure Framework) ("FRS 101"). All policies are the same for the Group and company except as noted.

The financial statements are for the year ending 30 April 2024 (2023: year ended 30 April 2023). The registered office of the Group is 91 Wimpole Street, London, W1G 0EF.

The primary economic environment in which the Company operates is the UK and therefore the financial statements are presented in pounds sterling ('£s') to the nearest round thousand (£'000) unless otherwise stated.

Disclosure exemptions adopted

In preparing these financial statements the company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore, these financial statements do not include:

- Certain comparative information as otherwise required by the UK endorsed IFRS;
- Certain disclosures regarding the company's capital;
- A statement of cash flows;
- The effect of future accounting standards not yet adopted;
- Disclosure of related party transactions with other wholly owned members of the Company headed by Newmark Security plc;
- The disclosure of the remuneration of key management personnel; and
- Separate disclosure of lease maturity analysis.

In addition, and in accordance with FRS 101 further disclosure exemptions have been adopted because equivalent disclosures are included in the company's consolidated financial statements. These financial statements do not include certain disclosures in respect of:

- Share based payments; and
- Financial instruments.

Profit and Loss Account

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account. The loss for the year ended 30 April 2024 is £92,000 (2023: loss of £230,000).

Tangible and Intangible fixed assets

Items of property, plant and equipment and intangible website costs are recognized at cost. Depreciation is provided to write off the cost, less estimated residual values, of all fixed assets evenly over their expected useful lives. It is calculated at the following rates:

Computer equipment
– 33% per annum straight line

Fixtures and fittings
– 10% per annum straight line

Motor vehicles
– over the term of the lease, usually 3 years on a straight line basis.

Land and buildings

– over the term of the lease on a straight line basis.

Website costs are amortised
– 33% per annum straight line

Investments

Investments in subsidiary undertakings are stated at cost less provision for impairment, if any. The carrying values are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Intercompany balances

Balances between Group companies which reflect trading and funding activity are short term. Balances between group companies are interest free and due on demand. Impairment provisions for intercompany balances are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognized. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

Impairment of non-financial assets

Impairment tests on goodwill are undertaken annually on 30 April. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying value may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and risk specific to the asset.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit (i.e. the lowest group of assets in which the asset belongs for which there are separately identifiable cash flows). Goodwill is allocated on initial recognition to each of the Company's cash- generating

units that are expected to benefit from the synergies of the combination giving rise to the goodwill.

Impairment charges are included in the cost of sales line item in the income statement for research and development and in the administration line for goodwill. An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment had been recognised.

In testing for impairment, management has to make judgements and estimates about future events which are uncertain. Adverse results compared to these judgements could alter the decision of whether an impairment is required.

Leases

For any new contracts entered into the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right-of-use an asset for a period of time in exchange for consideration'. To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

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

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Company's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of thelease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.
On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Company if it is reasonably certain to assess that option; and
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations).

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term. When the Company revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in the consolidated income statement.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- leases of low value assets; and
- leases with a duration of 12 months or less.

Taxation

Income tax expense represents the sum of the tax currently payable or receivable and deferred tax.

Research & Development (R&D) claims are made each year on the basis that the Company overcomes technological uncertainties. This work is carried out for the internal development of hardware and software in the Companys own products and services

that it sells and also carries out this work on behalf of other companies. The internal development R&D claim results in a deduction that can be used to reduce tax payable or shown as a credit within current tax, at a reduced rate, as a cash tax credit. Where the Company performs the research and development on behalf of other companies a Research and Development Expenditure Credit (RDEC) is claimed whereby a credit is received within administration costs as reducing the costs to serve.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date unless the tax is adjusted regarding a previous period whereby the appropriate rate is used accordingly.

Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit; and
- investments in subsidiaries and jointly controlled entities where the Company is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered). Deferred tax balances are not discounted.

Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable Group company; or
- different Group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Pension costs

Contributions to the company's defined contribution pension scheme are charged to the consolidated income statement in the year in which they become payable.

Holiday pay provision

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the consolidated statement of financial positiondate and carried forward to future periods. This is measured at the undiscounted salary costs of the future holiday entitlement and so accrued at the balance sheet date.

Critical accounting estimates and judgements

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Estimated impairment of investment in subsidiaries

Where indicators of an impairment exist the carrying value is compared to the recoverable amount to identify the extent of the impairment.

The recoverable amounts are determined based on value-in-use calculations. These calculations require the use of estimates as detailed in note 3 of the company accounts.

b) Recoverability of amounts owed by group undertakings.

The recoverability of the amounts owed by group undertakings is assessed on an annual basis or more frequently when an indication of impairment exists. Determining whether there is an indication of impairment requires judgement as the assessment is based on either net assets of the undertaking or forecast future performance.

2. Staff costs

Staff costs (including the Executive Directors) comprise:	2024 £'000	2023 £'000
Wages and salaries	507	502
Defined contribution pension costs	35	33
Employer's national insurance contributions and similar taxes	78	69
	620	604

The average numbers employed (including the Executive Directors) were:	2024 No.	2023 No.
Office and management	2	2
	2	2

The pension creditor at 30 April 2024 was £1,562 (2023: £3,484) included in the accruals balance at year end.

3. Investments in subsidiaries

	£'000
Cost	
At 30 April 2024 and 30 April 2023	21,869
Impairment provision	
At 30 April 2023	7,633
Impairment	-
At 30 April 2024	7,633
Net book value	
At 30 April 2024 and 30 April 2023	14,236

The subsidiaries of Newmark Security plc are listed in note 12 of the Group financial statements.

Impairment reviews were completed for operating cash generating units of People and Data Management division and the Physical Security Solutions division. The recoverable amounts have been determined from value in use calculations based on cash flow projections from formally approved projections covering a five-year period to 30 April 2029 (2023: three-year period). The discount rate that was applied was 15% for the People and Data Management division (2023: 15%) and 15% for the Physical Security Solutions division (2023: 15%), representing the pre-tax discount rate that reflects the current market assessment of the time value of money and risk specific to the asset.

The compound revenue growth rate for the People and Data Management division is 15% (2023: 23%). The growth rate reflects the impact of customer expansion supported by existing products and products being delivered in the short term. The gross margin assumed in the forecasts is 42% to 51% (2023: 35% to 39%).

For the People and Data Management division the growth rate reflects the impact of customer expansion supported by existing products and products being delivered in the short term. The impairment review applied sensitivities reducing the long-term growth rate from 2% to 1% which indicated no impairment. If the discount rate is increased to 20%, there is no impairment. In order for the carrying value to equate to the value in use the discount rate would need to increase to 67%.

For the Physical Security Solutions division, the compound annual revenue growth rate for the year ended April 2025 to the year ended April 2029 is 12% (2023: 19%). The gross margin assumed in the forecasts is 36% to 39% (2023: 42% to 43%). In order for the carrying value to equate to the value in use the discount rate would need to increase to 16%.

4. Tangible and intangible fixed assets

	Right-of-use Motor vehicles and Land & Buildings £'000	Computer equipment, Fixtures and Fittings £'000	Total Tangible assets £'000	Intangible Website costs £'000
Cost				
Balance at 1 May 2023	169	21	190	9
Additions	-	2	2	-
Disposals	-	(12)	(12)	
Balance at 30 April 2024	169	11	180	9
Depreciation				
Balance at 1 May 2023	(54)	(16)	(70)	(9)
Disposals	-	12	12	-
Depreciation	(73)	(3)	(76)	-
Balance at 30 April 2024	(127)	(7)	(134)	(9)
Net book value 30 April 2024	**42**	**4**	**46**	**-**
Cost				
Balance at 1 May 2022	34	18	52	9
Additions	169	3	172	-
Disposals	(34)	-	(34)	-
Balance at 30 April 2023	169	21	190	9
Depreciation				
Balance at 1 May 2022	(21)	(14)	(35)	(6)
Disposals	30	-	30	-
Depreciation	(63)	(2)	(65)	(3)
Balance at 30 April 2023	(54)	(16)	(70)	(9)
Net book value 30 April 2023	**115**	**5**	**120**	**0**

5. Debtors

	2024 £'000	2023 £'000
Amount due from Group undertakings	2,524	3,781
Prepayments	28	7
	2,552	3,788

All amounts shown under debtors fall due for payment within one year.

The amounts due from Group undertakings has no associated interest and is repayable on demand.

6. Creditors: amounts falling due within one year

	2024	2023
	£'000	£'000
Bank overdraft*	-	576
Bank loan	400	400
Trade payables	171	141
Amount due to group undertakings	11,815	11,815
Other taxation and social security	87	255
Lease creditor	4	58
Accruals	254	281
	12,731	13,526

*The overdraft relates to a Group composite overdraft facility, which is in a net cash positive position at the year end and there is a legal right and intention to settle this net.

In August 2020, the Group secured a £2 million financing facility from its bankers, HSBC, via the Coronavirus Business Interruption Loan Scheme ("CBILS"). This loan is for a term of 6 years, with the first year being interest, repayment and covenant free under the Business Interruption Payment scheme. The covenant requires the Group to deliver a pre-debt service cashflow of 1.2 times the level of debt service.

7. Long-term borrowings

	2024	2023
	£'000	£'000
Lease creditor	49	53
Bank loan	533	933
	582	986

The lease arises on a motor vehicle which is denominated sterling and is for a period of 36 months.

Maturity profile of bank loan:

	2024	2023
	£'000	£'000
Up to 12 months	400	400
1 to 2 years	133	400
2 to 5 years	-	133
Total	533	933

8. Capital and reserves

Details of the Company's called-up share capital are disclosed in note 21 of the Group financial statements.

A description of reserves is disclosed in note 22 of the Group financial statements.

9. Contingent liabilities

The Group has entered into overdraft and invoice financing facitlies with HSBC which are guaranteed by Newmark Security plc.

Shareholder Information

DIRECTORS, SECRETARY AND ADVISORS

Country of incorporation of parent company:	England and Wales
Legal form:	Public company limited by shares
Directors:	M Dwek M-C Dwek P Campbell-White M Rapoport T Yap
Registered office:	91 Wimpole Street, London W1G 0EF
Company number:	03339998
Auditor:	Cooper Parry Group Limited, Sky View, Argosy Road, East Midlands Airport, Castle Donington, Derby, DE74 2SA
Nominated Adviser and Brokers:	Allenby Capital Limited, 5 St. Helens Place, London EC3A 6AB
Registrars:	Link Market Services Limited, Central Square, 29 Wellington Street, Leeds LS1 4DL
Solicitors:	Bracher Rawlins LLP, 16 High Holborn, London, WC1V 6BX