FireAngel Safety Technology Group plc

("FireAngel", the "Company" or the "Group")

Unaudited preliminary results
and
Temporary suspension of trading on AIM

FireAngel (AIM: FA.), a leading developer and supplier of home safety products, announces its unaudited preliminary results for the year ended 31 December 2023.

Pursuant to Rule 19 of the AIM Rules for Companies (the "AIM Rules"), the Company is required to publish its audited annual accounts for its financial year ended 31 December 2023 ("2023 Audited Accounts") by 30 June 2024. The Company confirms, however, that its auditor, RSM UK Audit LLP ("RSM"), has informed the Company that it requires additional time to complete its audit for the year ended 31 December 2023, due to resource availability within the audit team.

Accordingly, the Company no longer expects to be able to publish the 2023 Audited Accounts by 30 June 2024. The Company is now targeting the publication of the 2023 Audited Accounts in early July 2024.

Trading in the Company's ordinary shares on AIM will be suspended with effect from 7.30 a.m. on 1 July 2024, pending publication of its 2023 Audited Accounts. Suspension from trading is expected to be lifted in due course with the publication of the 2023 Audited Accounts.

Business Highlights

- In June 2023, the Company successfully raised £6.1m (before expenses) via existing and new shareholders, funds which have been used to pay down net debt and to drive improvements in business momentum.
- Alongside the fundraise, Neil Radley was appointed as Chief Executive Officer in June 2023 and the senior management team was restructured to improve operational and financial performance.
- In parallel, a strategic review was commenced to focus on affirming the direction and focus of the Company.
- Significant progress was made on the Group's project with Techem Energy Services GmbH ("Techem") to develop a new generation smoke alarm primarily for the German market:
    - All design and engineering milestones have been completed on schedule
    - Firmware development and validation testing milestones were 100% and 85% completed at the end of May 2024
    - The Group will commence ramp production in July 2024 and is planning to start serial production in August 2024
    - Planned shipments for 2024 significantly exceed the original targets with a knock-on benefit to future revenue and cash generation.

Financial Highlights

- Revenue declined by 29% to £40.9 million (2022: £57.5 million).
- Gross profit of £7.8 million (restated 2022: £8.3 million).
- Gross margin of 19.2% (restated 2022: 14.4%).
- Operating loss of £8.8 million (restated 2022: £7.7 million).
- Adjusted operating loss[1] of £7.0 million (restated 2022: £6.6 million).
- Adjusted LBITDA[2] of £3.6 million (restated 2022: £3.6 million).
- Adjusting items[3] of £1.8 million before tax (restated 2022: £1.1 million).
- Loss before tax of £9.1 million (restated 2022: £7.9 million).
- Net debt (before lease obligations) at 31 December 2023 of £3.1 million (2022: £4.8 million).

[1]Adjusted operating loss is operating loss before adjusting items
[2]Adjusted EBITDA is loss before tax, depreciation and amortisation, finance costs, adjusting items, other operating income and expenses
[3]Adjusting items include costs in relation to restructuring and fundraising, strategic review, legal advice on the Offer, dilapidation, impairment on intangible and tangible assets and share based charges (see note 7 of the preliminary announcement)

*See note 4 to the preliminary announcement for further details on the 2022 restatement.

Recommended Cash Offer by Intelligent Safety Electronics Ptc. Ltd ("ISE")

- On 27 October 2023, the boards of ISE and FireAngel announced that they had reached agreement on the terms and conditions of a recommended cash offer to acquire the issued and to be issued share capital of FireAngel not already owned or controlled by ISE.
- On 30 May 2024, FireAngel and ISE confirmed that following approval by the Secretary of State in respect of the NSIA Conditions, FireAngel and ISE considered the Approval Conditions and determined them to be reasonably acceptable to them and confirmed that both parties considered the Approval Conditions to be satisfied.
- On 17 June 2024, the boards of FireAngel and ISE confirmed that the offer had been declared unconditional in all respects.

- On 18 June 2024, the Company confirmed that cancellation of the admission to trading on AIM of FireAngel Shares is expected to take effect at or shortly after 7.00am on 17 July 2024 and, accordingly, the final day of trading on AIM of FireAngel Shares will be 16 July 2024.
- 25 June 2024, FireAngel and ISE, confirmed that ISE had received valid acceptances under the Offer in respect of more than 90 per cent. of the FireAngel Shares to which the Offer relates, and ISE indicated that it intends to compulsorily acquire all of the outstanding FireAngel Shares in respect of which it has not already received valid acceptances pursuant to the Offer.

Neil Radley, Chief Executive Officer of FireAngel, commented:
"2023 was a challenging year for FireAngel, however the Group demonstrated true resilience. As the year unfolded, we took all necessary steps to weather these difficulties, and despite the fall in sales compared with the previous year, we started 2024 with renewed optimism. Trading for the first five months of 2024 have on the whole met the Board's expectations with strong performance in European sales, our customers in the Utilities sector and the Fire & Rescue Services.

The progress the new leadership team has made on inventory, cash and expense management has also resulted in lower net debt than expected and a level of inventory much more appropriate for the size of the business. Excellent progress has also been made in relation to the Group's partnership with Techem and major development milestones have now been completed.

From 1 July 2024, the Group will have new owners and I would like to congratulate ISE on their acquisition and thank all teams for their patience during what has been a particularly prolonged process. Both ISE and FireAngel share very similar goals, with a commitment to savings lives and providing customers with quality products and services, and no doubt the partnership will significantly benefit customers and consumers in the future."

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Notes to Editors

About FireAngel Safety Technology Group plc
FireAngel's mission is to protect and save lives by making innovative home safety products which are simple and accessible. FireAngel is one of the market leaders in the European home safety products market.

FireAngel's principal products are connected smoke alarms, CO alarms, heat alarms and accessories. The Company has an extensive portfolio of patented intellectual property in Europe, the US and other selected territories. Products are sold under FireAngel' s leading brands of FireAngel, FireAngel Pro, FireAngel Specification and AngelEye.

For further product information, please visit: www.fireangeltech.com

CHAIRMAN'S STATEMENT

During a challenging year of change the Company has demonstrated true resilience, delivering a diversified range of high-quality products to both our consumer and professional customers. We are proud of the contribution we continue to make towards ensuring residential homes are safe and we remain committed to our goal of saving lives.

Introduction

In announcing our unaudited results for the year ended 31 December 2023 it is worth noting the vastly different nature of the first six months versus the second six months of the year. During the first six months significant management energy was focussed on the £6.1 million fundraise. Following the fundraise in June, the Company commenced a strategic review comprising of two phases: firstly, to refocus the Company under a new management team and secondly to optimise the business to deliver sustainable growth. On top of these objectives, the Company has needed to adjust to the ever-changing marketplace where the traditional boundaries between our retail and wholesale customers have become increasingly blurred and consumer purchasing behaviour continues to ebb and flow between bricks and mortar outlets and buying on-line. There is no doubt that the Company's ability to deal with immediate and medium-term challenges has improved whilst retaining its focus on improving its margins and providing value-for money pricing during the current cost of living challenges.

Our immediate priorities, including the improvement in the sales process and reduction in inventory levels, have been achieved. The Company has worked hard to ensure that the change in manufacturing partner, which was announced in September 2023, progresses smoothly to ensure continuity of supply. We expect such changes will further enhance product quality and improve margins. In addition, we have reviewed our overall product proposition and rationalised certain product category contents. In stark contrast to the position the Company was in last year, enhanced sales forecast and inventory management processes have been put in place to ensure that working capital remains in line with market demand. This has been especially critical whilst dealing with the current interruptions in supply chains caused by the war in the Middle East.

With regards delivering sustainable growth, great progress has been made in furthering the Company's product roadmap. Progress on the new generation smoke alarm being developed for Techem accelerated during the last part of 2023 and we are now in the final stages of delivery, far earlier this year than anticipated. Despite prioritising work with Techem, the Home Environment Gateway is currently undergoing trials and will be available for sale at the beginning of the third quarter of 2024. Improved focus on delivery has enabled work to start on a new range of smoke detectors which will utilise the learnings and IP from the Techem partnership.

Overview

The difficulties the Group faced last year and into the first half of 2023 have been well publicised. The momentum that we lost due to global supply issues which ultimately caused intermittent supplies to our end customers at the end of 2022 and start of 2023 eventually materialised in the results for the Group this year. We achieved sales revenue of £40.9 million, a decrease of £16.6 million on the previous year (2022: £57.5 million). UK sales totalled £30.8 million (2022: £36.2 million), a decline of £5.4 million and sales to international customers totalled £10.1 million (£2022: £21.3 million) a fall of £11.2 million, despite new sales of £1.0 million to the Middle East. The changes were largely due to the Group benefitting from the high demand caused by legislative changes in both the UK and Europe during 2022 which was not repeated in 2023.

While gross margins improved during the second half of 2023 as a result of price increases to offset inflationary increases in our product and administrative cost base, sales volumes were insufficient to increase gross profits which declined by £0.5 million to £7.8 million (restated 2022: £8.3 million). Our restructuring efforts saved £0.4 million during the year as adjusted operating expenses fell to £15.0 million (2022: £15.4 million) and adjusted operating losses, excluding the impact of adjusting items totalling £1.8 million (2022: £1.1 million), increased by £0.3 million to £7.0 million (restated 2022: £6.7 million). Losses before tax increased by £1.2 million to £9.1 million (restated 2022: £7.9 million).

LBITDA, after adjusting items (see note 7) amounted to a loss of £3.6 million (restated 2022: loss of £3.6 million) and basic and diluted EPS for the year was a loss of 3.7 pence per share (2022 restated: loss of 4.2 pence per share).

Balance sheet management improved during the second half of 2023 with net debt falling by £1.7 million to £3.1 million (2022: £4.8 million) largely financed by a fall in working capital of £1.8 million to £1.0 million (2022: £2.8 million). Of note was the management of inventory levels which had risen from £8.1 million at the end of 2022 to £10 million by the middle of the year but ended the year at £5.3 million as new management got to grips with the business.

Team

Throughout the year the Group employed an average of 111 people (2022: 124) in the UK and a further 3 (2022: 3) in Europe. In Canada the average was 30 (2022: 34). To address the issues faced by the Group, a significant amount of change has been experienced by the team and I am hugely grateful for the adaptability and fortitude of our employees as we work towards a more sustainable future and I am delighted that we have entered 2024 with a reinvigorated and motivated team who have the right breadth of talent and expertise to deliver on our strategy.

Board

Alongside my appointment as Chair on 6 June 2023, the Company announced the appointment of Neil Radley as Chief Executive Officer and the resignation of its former Executive Chairman, John Conoley. Neil brings tremendous strategic, M&A and change experience in a number of sectors. Previously the CEO of Universe Group PLC, an AIM quoted provider of payment products and services to the retail industry, Neil has already brought to bear his experience to lead the Group through its next phase. On 25 July 2023, the Company announced that Simon Herrick, its senior Independent Director, had resigned with immediate effect due to the increased commitment of his other business interests. On 30 September 2023, Jon Kempster resigned as a Non-Executive Director. Graham Bird was appointed as Senior Independent Director on 26 September 2023. Graham is currently Chief Financial Officer of XP Factory PLC and brings a wealth of experience to the Board. Post the year-end, Zoe Fox resigned as Chief Financial Officer on 12 March 2024 and was replaced by Adrian Wilding. Adrian, previously the Company's Commercial Director, is an experienced CFO, having worked in both listed and private equity-led businesses, and has held multiple senior leadership positions in B2B and B2C financial services and technology companies.

Summary and outlook

As 2023 unfolded, the Group took all necessary steps to weather the number of challenges it was faced with, and despite the fall in sales compared with the previous year, we have started 2024 with renewed optimism. The competitive environment in the UK remains strong and as a premium product provider, we are mindful of the challenges from low-priced market entrants. Trading for the first five months of 2024 has on the whole met the Board's expectations with strong performance in European sales, our customers in the Utilities sector and the Fire & Rescue Services. Sales in UK Retail and Trade experienced a satisfactory first quarter but progress during the second quarter has been challenging and we see a slight contraction in these two market sectors. In addition, we are exploring some interesting opportunities with new partners both in the UK and in the Middle East and looking to take advantage of the various replacement cycles in both France and Germany. Group margins remain robust and the business has experienced higher gross margins across our sectors than the comparative period in 2023.

The progress the new leadership team has made on inventory, cash and expense management has resulted in lower net debt than expected and a level of inventory much more appropriate for the size of the business.

Excellent progress has been made in relation to the Group's partnership with Techem Energy Services GmbH ("Techem") and major development milestones have now been completed. We are now preparing for production readiness and have already received our first orders for the next generation smoke alarms ("NGSA") significantly surpassed expectations. The partnership with Techem is considered key to the Group's revenue and liquidity positions in the coming months.

Finally, I am delighted that the Group will have new owners from 1 July 2024. I would like to congratulate ISE on their acquisition and thank all teams for their patience during what has been a particularly prolonged process. Both ISE and FireAngel share very similar goals, with a commitment to savings lives and providing customers with quality products and services, and no doubt the partnership will significantly benefit customers and consumers in the future.

Andrew Blazye
Non-executive Chairman
28th June 2024

STRATEGIC REPORT

Strategy and business plan

Following the announcement of the Company's £6.1 million fundraising (see Financial Review for details) and the appointment of a new non-executive Chairman, Andrew Blazye, and new Chief Executive Officer Neil Radley, the Company commenced a strategic review to explore options to realise improved value for shareholders. The strategic review is focussed on future proofing the Group and returning it to profitability as soon as possible. Notwithstanding the recommended cash offer for the Company by ISE, the new management team has continued to pursue its underlying aims of firstly stabilising the business to create a platform for sustainable growth, secondly, ensuring the strategic direction of the Company is clear and thirdly, delivering the pipeline of new products which will be the bedrock of future growth and success.

In summary, the strategy and business plan for 2024 was structured with business stability in mind and delivering on five business-critical imperatives:

I. Complete the delivery of Techem products
II. Launch of the Home Environment Gateway product
III. Transferring the manufacturing currently undertaken in Poland to a new partner
IV. Improving sales and margins to return the business to profitability and positive cash flow, and
V. Significantly reducing our new product time to market through a better understanding of what intellectual property we wish to own.

The Company's partnership with Techem Energy Services GmbH ("Techem") continued to progress well during the year. On 18 April 2023, the Group announced the signing of production and delivery contracts with Techem and its long-term manufacturing partner. Estimates for the initial shipments of the next generation smoke alarm have significantly exceeded prior plans and such deliveries will commence at the start of the third quarter 2024 and will be materially cash-generative for the Group thereafter. Final milestones for firmware development and validation testing are in the final stages of completion and the Group has started its ramp production in May 2024 and is due to start serial production in August 2024.

The Board believes that the Home Environment Gateway will significantly enhance the Company's position in the UK Trade market. The solution allows private and public landlords the ability to monitor fire risk and environmental factors over a range of properties via gateway connectivity. Development has been largely completed by the end of the first quarter of 2024 and the Group is now undertaking pilot trials with supportive housing associations, with sales likely during the third quarter of 2024.

Progress on transferring the manufacturing capacity currently undertaken in Poland to a new partner is on schedule. Whilst announcements on the new partner will be made once the tender has been awarded, we remain positive that risks around cost and continuity of supply will be minimised.

Plans are being developed for the next generation of products based on the learnings and IP from the Techem partnership. Whilst work on both delivering for Techem and finalising the development on the Home Environmental Gateway remain the priority, launching a new range of products in 2025 based on improved technology will significantly enhance our position in both the UK and European markets.

Environmental, Social and Governance ("ESG")

Our continuing commitment to protecting our planet and environment can be seen in various activities and actions undertaken in 2023. A key achievement during the year was obtaining Third Party Certification to ISO 14001 Environmental Management Systems across our three UK sites from the British Standards Institute. This certifies that we have a framework in place for measurement and continual improvement of the environmental aspects of our operations.

The Group also ensures its operating activities are undertaken in an environmentally conscious manner and currently reports on scope 1 and 2 as required of the Streamlined Energy & Carbon reporting requirements.

The Group is a passionate advocate of maintaining the highest quality in terms of British Safety Standards, especially in light of Grenfell and the Hackitt Review and continues to develop and introduce technologically advanced products in light of new safety legislation and increased awareness of the dangers of smoke and CO in the UK and across Europe.

The Social Housing Act, which includes Awaab's Law, gives tenants greater powers to hold their landlord to account. FireAngel is developing solutions that can support landlords with identifying properties at the risk of developing damp and mould and which have been incorporated into our general fire safety product suite.

Current trading and outlook

Trading for the first five months of 2024 has on the whole met the Board's expectations, with strong performance in European sales, our customers within the Utilities sector and the Fire & Rescue Services. Sales in UK Retail and Trade sectors experienced a satisfactory first quarter but progress during the second quarter has been challenging and we see a slight contraction in these two market sectors. In addition, we are exploring some interesting opportunities with new partners both in the UK and in the Middle East and looking to take advantage of the various replacement cycles in both France and Germany. Group margins remain robust and the business has experienced higher gross margins across our sectors than the comparative period in 2023.

As announced in its trading statement on 5 February 2024, the Company has made strong progress with increasing inventory turnover and improving sales margin. The improvements to sales forecasting have also enabled plans to have been quickly executed to minimise operational impacts of delays caused by the re-routing of shipping related to the war in the Middle East.

With reference to the Business Highlights section above, in particular post balance sheet events, The Board ais delighted that the acquisition by ISE will take place on 1 July 2024 and has commenced the process to cancel admission of the shares to trading on AIM. The Board believe that there are significant synergies to be achieved by the combination of the two businesses for the benefit to customers and consumers alike.

Financial review

Summary Consolidated Summary of Comprehensive Income	2023 unaudited £000	2022* *restated* £000
Revenue	**40,916**	57,461
Cost of sales	**(33,074)**	(49,178)
Gross profit	**7,842**	8,283
Adjusted operating expenses	**(15,034)**	(15,362)
Other operating income	**176**	834
Other operating expenses	**-**	(358)
Adjusted operating loss	**(7,016)**	(6,603)
Adjusted administrative items:		
Restructuring and fundraising costs	**(772)**	-
Strategic review	**(141)**	-
Legal advice on The Offer	**(481)**	-
Dilapidations provision	**(298)**	-
Impairment of intangible assets	**(104)**	(916)
Impairment of tangible assets	**(38)**	(30)
Share-based payment charges	**19**	(181)
	(1,815)	(1,127)
Administrative expenses	**(16,849)**	(16,489)
Operating loss	**(8,831)**	(7,730)
Finance income	**505**	227
Finance expense	**(782)**	(422)
Loss before taxation	**(9,108)**	(7,925)
Income tax credit	**167**	262

Loss and total comprehensive income for the year	**(8,941)**	(7,663)

Gross profit margin	**19.2%**	14.4%
Adjusted (LBITDA) / EBITDA (£m)	**(3.6)**	(3.6)

Earnings per share	**Pence**	Pence* restated
Basic earnings per share	**(3.7)**	(4.2)
Diluted earnings per share	**(3.7)**	(4.2)

Balance sheet extract	**2023 £000**	2022* restated £000
Non-current assets	**10,779**	13,733
Current assets	**16,318**	23,986
Current liabilities	**(15,304)**	(21,190)
Non-current liabilities	**(2,928)**	(3,708)
Net assets	**8.865**	12,821
Working capital**	**1,014**	2,796

Net cash	**2023 £000**	2022 £000
Cash and cash equivalents	**1,703**	1,431
Debt	**(4,818)**	(6,248)
Net (debt) / cash	**(3,115)**	(4,817)

**further details of the prior year restatement are provided in note 4*
*** working capital represents the aggregate of current assets and current liabilities*

Income statement

Revenue by business unit
Revenue split between each of the Group's business units, Techem and Pace Sensors was as follows:

	2023 *unaudited*	**2022**	**Inc/(dec)**	**Inc/(dec)**	**2023 % of total**	2022 % of total
	£m	**£m**	**£m**	**%**		
UK Trade	**6.4**	9.6	**(3.2)**	**(33)**	**16%**	17%
UK Retail	**17.4**	19.8	**(2.4)**	**(12)**	**43%**	34%
UK F&RS	**3.4**	3.3	**0.1**	**3**	**8%**	6%
UK Utilities & Leisure	**3.6**	3.5	**0.1**	**3**	**9%**	6%
Total revenue in the UK	**30.8**	36.2	**(5.4)**	**(15)**	**76%**	63%
International	**6.6**	16.4	**(9.8)**	**(60)**	**16%**	28%
Techem	**2.2**	2.5	**(0.3)**	**(12)**	**5%**	4%
Pace Sensors	**1.3**	2.4	**(1.1)**	**(46)**	**3%**	4%
Total revenue	**40.9**	57.5	**(16.6)**	**(29)**	**100%**	100%

From 1 January 2023, certain customers previously reported within the UK Trade business unit are now reported through UK Utilities & Leisure. The 2022 comparatives have been adjusted accordingly.

Total revenue in the UK decreased by £5.4 million, or 15% to £30.8 million (2022: £36.2 million) primarily due to sales from one-off legislative changes that took place during 2022, which enhanced sales during the latter half of that year, and from weaker than expected sales during

H2 2023. As part of the Board's strategic review, the business introduced price changes at the end of the first half of 2023 in response to increases in underlying inflation that were impacting the Company's cost base and exchange rate volatility. The price increases had a dampening effect on demand and hence revenue growth, especially within the Trade and Retail sectors of our UK markets.

Revenues generated from international customers decreased by £9.8 million, or 60%, to £6.6 million, which was primarily the result of the impact of new legislation in Benelux which led to a surge in demand for products during 2022 and significantly less demand in the current year as customers looked to reduce inventory value. The Group was pleased to secure a new contract with a government agency in the Middle East which was largely fulfilled during the year.

Revenue from Techem is recognised in line with product design milestones and is recognised under IFRS 15 (See note 6 for further details). The decrease of £0.3 million to £2.2 million (2022: £2.5 million) is due to the change in development milestones in comparison with the previous year.

Revenue from Pace Sensors in 2022 benefitted by increased demand for CO sensors in the UK following enactment of legislation in 2022 and revenues declined by £1.1 million, or 46% to £1.3 million.

Gross profit decreased by £0.4 million, or 5%, to £7.8 million (restated 2022: £8.3 million) but gross margin increased to 19.2% (restated 2022: 14.4%). The gross margin during 2022 was significantly impacted by warranty costs of £1.8m (refer to note 4), purchase price variance ("PPV") costs of £1.9 million which arose due to global supply chain challenges in 2022 and mark-to-market ("MTM") losses on forward currency contracts expiring post balance sheet date of £1.6 million. There were no PPV costs and no material warranty provision costs during 2023. As at December 2023, the net MTM hedging loss was £1.1 million (2022: £0.1 million loss), comprised of £1.3 million unrealised gains (2022: £1.9m unrealised losses) and £2.4 million realised losses (2022: £1.8 million realised gains).

Other operating income decreased by £0.6 million to £0.2 million (2022: £0.8 million).

Operating expenses, after adjusting items, decreased by £0.4 million, or 3%, to £15.0 million (2022: £15.4 million) largely due to actions taken following the strategic review and mainly related to headcount savings, offset by lower capitalisation of internal costs.

Operating losses increased by £1.1 million to £8.8 million (restated 2022: £7.7 million).

Finance income increased by £0.3 million to £0.5 million (2022: £0.2 million) and was comprised on interest received on discounted cash flows of £0.2 million (2022: £0.2 million) and finance gains arising on a debt-to-equity swap with one of the Company's major suppliers. As part of the fund raise on 6 June 2023, trade payables due within one year with a carrying value of £2.1 million were derecognised in exchange for the issue of Ordinary shares. The gain arising on extinguishing the liability amounted to £0.3 million. Finance expenses increased by £0.4 million to £0.8 million (2022 restated: £0.4 million) due to increased borrowings in the period.

Adjusting items totalled £1.8 million (2022: £1.1 million) and primarily related to restructuring costs of £0.8 million, legal costs related to the Offer of £0.5 million, impairment of intangible assets of £0.1 million and dilapidation provisions of £0.3 million associated with the Company's leased premises.

Exchange rates

The Group has exposure to US Dollars, Euros and Canadian Dollars with 99% of purchases and 7% of revenue being made in US Dollars and 13% of revenue being in Euros. The Group hedges to smooth the impact of currency fluctuations and suffered losses of £2.4 million on forward contracts maturing within the year (2022: £1.7 million gain). After deducting a £0.3 million loss in respect of the Mark to Market of forward contracts that mature beyond the balance sheet date, the net impact of exchange rates on operating profit in the year compared to 2022's exchange rates is estimated as a net unfavourable debit of approximately £0.5 million, representing approximately 1% of gross margin.

The average exchange rates against GBP are summarised below:

	Average for year		Average for H1		Average for H2	
	2023	2022	**2023**	2022	**2023**	2022
Euro	**1.15**	1.18	**1.14**	1.19	**1.16**	1.16
US Dollar	**1.24**	1.24	**1.23**	1.31	**1.25**	1.18
Canadian $	**1.68**	1.61	**1.66**	1.66	**1.69**	1.56

This table shows that on average in 2023, GBP weakened against the Euro by 3%, thereby increasing FireAngel's revenue and profit on its Euro denominated income. Over the same period, GBP remained largely unchanged against the USD.

Result for the year

The Group's loss before tax increased by £1.2 million to £9.1 million (restated 2022: £7.9 million).

The Group's adjusted LBITDA for the year amounted to £3.6 million (restated 2022: £3.6 million). The operating loss for the year amounted to £8.8 million (restated 2022: £7.7 million). After taking account of net finance charges of £0.3 million (2022: £0.2 million) representing interest on borrowings in the year and the gain arising on the debt to equity swap, the Group reported a loss before tax of £9.1 million (restated 2022: loss before tax £7.9 million).

The Group booked a tax credit of £0.2 million (2022: tax credit of £0.3 million) due largely to the recognition of tax losses and the surrender of taxable losses for a research and development tax credit. The prior period adjustment for the warranty provision had no impact on the prior period tax credit as the increase in taxable losses was offset by increased deferred tax not recognised.

Basic and diluted EPS for the year was a loss of 3.7 pence per share (restated 2022: loss of 4.2 pence per share).

Balance sheet

Non-current assets at 31 December 2023 amounted to £10.8 million (2022: £13.7 million). The most significant components of this were capitalised development costs, with a net book value of £8.5 million, plant and equipment of £1.4 million and purchased software costs of £0.8 million. Capitalised development assets of £0.2 million were impaired during the year following a thorough review of product lines and future development costs by the new management team. The majority of the impairment relates to changes in assumptions regarding the procurement cycles and thus future sales of the Group's Home Environment Gateway product.

Total capital expenditure (excluding right of use assets) decreased to £0.4 million (2022: £1.4 million). Of this total, £0.1 million represented capitalised development expenditure to further enhance the Group's connected homes and wider technology portfolio (2022: £0.9 million). All research and development costs associated with the development of the new generation smoke alarm for Techem was charged to the customer.

Total capital expenditure of £0.4 million (2022: £1.4 million) compares with depreciation, amortisation and impairment charges totalling £3.5 million (2022: £3.5 million).

Current assets decreased by £7.7 million to £16.3 million (2022: £24.0 million) at 31 December 2023 due to improved inventory which decreased by £2.8 million to £5.3 million (2022: £8.1 million) and a decrease in trade and other receivables of £5.1 million to £8.7 million (2022: £13.8 million). High inventory during 2022 arose from a build-up of inventory following the severe shortage earlier in 2022 and the high trade and other receivables position arose from a significant increase in demand in UK retail sales during the final quarter of 2022. At 31 December 2023, current tax assets amounted to £0.6 million (2022: £0.7 million).

Current liabilities decreased by £5.9 million to £15.3 million (restated 2022: £21.2 million) due to the extinguishing of a liability due within one year from one of the Company's major suppliers amounting to £2.1 million in exchange for the issue of ordinary shares during the June 2023 fundraise, coupled with a decrease in derivative financial liabilities as USD rates weakened against sterling relative to the position in 2022.

The Group's warranty provision at 31 December 2023 amounted to £2.3 million (restated 2022: £2.8 million) of which £1.1 million is expected to be utilised within twelve months of the balance sheet date. This provision covers not only the expected costs of replacing smoke alarm products relating to the battery issues announced in April 2016, but also to general warranty claims which have arisen from improved data quality within our warranty returns process, which has allowed management to further assess future liabilities and the amounts provided are the Board's best estimate of the ongoing liability. Detail of this prior year error is given in note 4.

Working capital decreased by £1.8 million to £1.0 million (restated 2022: £2.8 million).

Non-current liabilities decreased by £0.8 million to £2.9 million (restated 2022: £3.7 million). The Group's warranty provision expected to be paid more than twelve months from the balance sheet date decreased by £0.3 million to £1.2 million (restated 2022: £1.5 million), loans payable under the Coronavirus Business Interruption Loan Scheme ("CBILS") decreased by £0.6 million to £1.5 million (2022: £2.1 million) and lease liabilities increased by £0.2 million to £0.3 million (2022: £0.1 million).

Cash flow and financing

Overall cash inflow in the year was £0.3 million (2022: outflow of £1.9 million) and net debt (before lease obligations) at 31 December 2023 was £3.1 million (2022: net debt (before lease obligations) of £4.8 million). The overall cash inflow during the year was as a result of:

- Net cash generated by operating activities of £0.1 million (2022: net cash used £2.8 million)
- Net cash used in investing activities of £0.4 million (2022: £1.4 million) and
- Net cash generated from financing activities of £0.6 million (2022: £2.1 million)

On 23 June 2023, the Company raised £6.1 million from the issuance of 120,711,091 ordinary shares at a price of £0.0505 each.

Cash generated from financing activities included £3.2 million (2022: £NIL) of the £5.3 million total net proceeds with the balance being a £2.1 million debt to equity swap. This is offset by net repayments to the Company's invoice finance facility of £0.8 million (2022: net drawdown £3.5 million), repayment of the CBILS loan of £0.6 million (2022 £0.4 million), repayment of lease obligations of £0.4 million (2022: £0.5 million) and interest paid of £0.7 million (2022: £0.4 million).

Net debt decreased by £1.7 million during the year to £3.1 million (2022: £4.8 million) as a result of an increase in cash and cash equivalents of £0.3 million, repayment of the CBILS loan of £0.6 million and repayments of the Company's invoice finance facility of £0.8 million).

On 20 June 2022, the Group announced that it had signed an agreement with its bank, HSBC UK Bank plc, for a standby letter of credit facility which is supported by UK Export Finance, up to a combined sum of £3.5 million, for an initial term of 12 months (the "Facility"). The Facility will attract a quarterly charge of 0.55% on the total amount available under the Facility. The drawings on the Facility do not add to the Group's net debt position. The Facility supports the variability of working capital arrangements with certain suppliers, which is driven by longer lead times on components and the expected growth of the Group. No drawings on the Facility had been made by the balance sheet date and the facility will expire on 30 June 2024.

Net cash / (debt) before lease obligations

Net cash / (debt) before lease obligations is considered to be a non-GAAP measure as it is not defined in IFRS. The most directly comparable IFRS measure is the aggregate of loans and other borrowings (current and non-current) and cash and cash equivalents. This is the calculation used by the Group to measure net cash.

Use of non-GAAP financial performance measures

Certain disclosures and analyses set out in this annual report include measures, which are not defined by generally accepted accounting principles ('GAAP') under UK-adopted International Accounting Standards. We believe this information, along with comparable GAAP measurements, is useful to investors. Management uses these financial measures, along with the most directly comparable GAAP financial measures, in evaluating the Group's operating performance. Non-GAAP measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with GAAP.

In the following table, we provide a reconciliation of this and other non-GAAP measures, as defined in this Performance Review, relevant GAAP measures:

	2023 *unaudited* **£m**	2022 £m
Adjusted LBITDA		
Reported loss before tax	**(9.1)**	(7.9)
Net finance costs	**0.4**	0.2
Depreciation, amortisation and impairment	**3.5**	3.5
Net other operating income/ expenses	**(0.2)**	(0.5)
Adjusting items:		
Restructuring and fundraising costs	**0.8**	-
Strategic review	**0.1**	-
Legal advice on Siterwell acquisition	**0.5**	-
Dilapidations provision	**0.3**	-
Impairment of intangible / tangible assets	**0.1**	0.9
Share-based payment charges	-	0.2
Adjusted LBITDA	**(3.6)**	(3.6)

Net debt	**2023 £m**	2022 £m
Cash and cash equivalents	**1.7**	1.4
Loans and borrowings	**(2.2)**	(2.8)
Invoice discount facility	**(2.6)**	(3.4)
Net debt	**(3.1)**	(4.8)

Going concern

The Directors have reviewed the forecast sales growth, budgets and cash projections for the period to June 2025 including sensitivity analysis on the key assumptions such as the potential impact of reduced sales and margins for the next twelve months. The base case scenario does not reflect any synergies arising from the Offer and integration strategies will take several months to implement. However, the Directors have received reassurances from Siterwell Electronics Co. Limited, the parent company of ISE, that the key risks facing the business will be supported in a timely fashion and the Group will be able to meet its obligations as they fall due. Specifically, risks for which support will be provided include:

- Costs involved in transferring manufacturing capabilities from its partner in Poland to a new partner;
- Maintaining supplies to the Group's customers and minimising any disruption that the manufacturing transfer may cause;
- Providing alternative financial facilities for replacing the stand-by letter of credit which expires on 30th June 2024;
- Repayment of the Group's invoice discount facility;
- Providing sufficient cash headroom to support banking covenants in relation to the Group's Coronavirus Business Interruption Loan; and,
- Providing sufficient support for the Group to meet any other financial obligations as they fall due arising from requirements to deliver the agreed strategy and higher growth for the business.

The Directors have reasonable expectations that the Group and the Company have adequate resources to continue operations for the period of at least one year from the date of approval of these financial statements. The Directors are aware that the reassurances received from

Siterwell Electronics Co. Limited are not legally binding but are satisfied that such assurances are sufficient to remove any material uncertainties that may cast doubt over the ability of the Group and the Company to continue as a going concern.

The Directors continue to adopt the going concern basis in preparing the full year accounts for 2023.

Dividend
As a result of the loss reported for the year, and consistent with the decision not to declare an interim dividend (2022: nil pence per share), the Directors do not recommend the payment of a final dividend (2022: nil pence per share). The total dividend payable for 2023 is therefore nil pence per share (2022: nil pence per share).

Post balance sheet events
Update on the recommended cash offer for FireAngel by Intelligent Safety Electronics Pte. Ltd ("ISE")
On 27 October 2023, the boards of ISE and FireAngel announced that they had reached agreement on the terms and conditions of a recommended cash offer to acquire the issued and to be issued share capital of FireAngel not already owned or controlled by ISE (the "**Offer**"). ISE is a company incorporated in Singapore and is wholly-owned by Siterwell Electronics Co., Ltd ("**Siterwell**"), a leading manufacturer of intelligent security protection for life and property which utilises an advanced smart security ecosystem technology. ISE currently holds approximately 17.46 per cent. of FireAngel's issued share capital.

The Offer was conditional upon, among other things, satisfaction of a condition relating to a material official authorisation or regulatory clearance (the **NSIA Condition**"), in this instance being the National Security and Investment Act 2021 (the "**Act**"). As announced on 21 December 2023, the Secretary of State has written to ISE and FireAngel to inform them that it has considered the notification made by ISE under the Act in relation to the Offer and had chosen to issue a call-in notice.

As announced on 17 May 2024 (the "**17 May Announcement**") in respect of the NSIA Condition, the Secretary of State gave notice of a final order in relation to the Offer ("**Order**"). The Order approved the Offer subject to the satisfaction of certain conditions (the "**Approval Conditions**") the terms of which are set out in the 17 May Announcement. FireAngel and ISE considered the Approval Conditions and determined them to be reasonably acceptable to them (as is specifically required in order for the condition set out at paragraph 2.1 of Section A of Part 3 of the Offer Document ("NSIA Condition"). Both FireAngel and ISE now consider the Approval Conditions to be satisfied.

Furthermore on 17th June 2024, FireAngel and ISE announced that The Offer had been declared unconditional in all respects in accordance with its terms, and as ISE had received valid acceptances in respect of 75 per cent. or more of FireAngel's issued share capital, ISE requested the FireAngel Board to apply for the cancellation of the admission to trading on AIM of FireAngel shares. The Offer will remain open for acceptance until 1.00 p.m. on 1 July 2024, being the Unconditional Date.

On 25 January 2024, the Group announced it had drawn down, and received from ISE, £1.0 million, which has been used for general working capital purposes (the "**Facility**"). The availability of the Facility was subject to the Offer not being completed by 31 December 2023 or having been withdrawn, lapsed or terminated and it continuing to be recommended by the directors of FireAngel and usual events of default not continuing. The draw down is in accordance with the terms of the facility as detailed in the announcement of 27 October 2023.

On 28 March 2024 legal proceedings were commenced against FireAngel Safety Technology Limited, a wholly-owned subsidiary of the Company by Zenner International GmbH & Co KG and Minol Messtechnik W.Lehman GmbH & Co KG relating to the supply of alleged defective detectors between 2011 and 2019. The claim for damages, with a maximum value of €7.3 million was issued at the High Court of Justice, England and Wales on 20 March 2024. The Board has taken legal advice and believes the claim is without merit. The Company will robustly defend the proceedings.

On Behalf of the Board

Adrian Wilding
Chief Financial Officer
28th June 2024

Consolidated income statement
For the year ended 31 December 2023

	Note	**2023 unaudited**	2022 restated*

		£000	£000
Revenue	5	**40,916**	57,461
Cost of sales		**(33,074)**	(49,178)
Gross profit		**7,842**	8,283
Operating expenses		**(16,849)**	(16,489)
Other operating income		**176**	834
Other operating expenses		**-**	(358)
Loss from operations		**(8,831)**	(7,730)
Interest received on discounted cash flows		**233**	227
Finance income	8	**272**	-
Finance costs	8	**(782)**	(422)
Loss before tax		**(9,108)**	(7,925)
Income tax credit	9	**167**	262
Loss attributable to equity owners of the Parent		**(8,941)**	(7,663)
Basic earnings per share	11	**(3.7)**	(4.2)
Diluted earnings per share	11	**(3.7)**	(4.2)

All amounts stated relate to continuing activities.

Further details of the prior year restatement are included in Note 4

Consolidated statement of comprehensive income
For the year ended 31 December 2023

	2023 unaudited £000	2022 restated* £000
Loss for the year	**(8,941)**	(7,663)
Items that may be reclassified subsequently to profit and loss:		
Exchange differences on translation of foreign operations (net of tax)	**(62)**	85
Total comprehensive loss for the year	**(9,003)**	(7,578)

Consolidated statement of financial position
As at 31 December 2023

Non-current assets	Note	**2023 unaudited £000**	2022 restated* £000
Goodwill		**169**	169
Other intangible assets		**8,501**	10,197
Purchased software costs		**758**	1,192
Property, plant and equipment		**1,351**	2,175
Trade and other receivables		**-**	-
Shares in subsidiaries		**-**	-
		10,779	13,733

Current assets			
Inventories	12	**5,325**	8,061
Trade and other receivables		**8,673**	13,804
Current tax asset		**617**	690
Cash and cash equivalents		**1,703**	1,431
		16,318	23,986
		27,097	37,719
Total assets			
Current liabilities			
Bank overdrafts		**-**	-
Trade and other payables		**(10,435)**	(13,805)
Lease liabilities		**(166)**	(397)
Provisions		**(1,112)**	(1,310)
Invoice discounting facilities		**(2,632)**	(3,451)
Loans and borrowings		**(693)**	(664)
Derivative financial liabilities		**(266)**	(1,563)
		(15,304)	(21,190)
Net current assets / (liabilities)		**1,014**	2,796
Non-current liabilities			
Loans and borrowings		**(1,493)**	(2,133)
Lease liabilities		**(254)**	(94)
Provisions		**(1,181)**	(1,481)
		(2,928)	(3,708)
Total liabilities		**(18,232)**	(24,898)
Net assets		**8,865**	12,821
Equity			
Called up share capital		**6,046**	3,621
Share premium account		**31,405**	30,009
Warrant reserve		**1,517**	-
Currency translation reserve		**176**	238
Retained earnings		**(30,279)**	(21,047)
Total equity attributable to equity holders of the Parent Company		**8,865**	12,821

**Further details of the prior year restatement are found in Note 4*

Consolidated cash flow statement

For the year ended 31 December 2023

	Note	**2023 unaudited £000**	2022 restated* £000
Loss before Loss before tax		**(9,108)**	(7,925)
Finance expense		**549**	195
Operating loss for the year		**(8,559)**	(7,730)

Adjustments for:			
Depreciation and impairment of property, plant and equipment, and right-of-use assets		**1,409**	1,497
Amortisation and impairment of intangible assets		**2,261**	2,985
Loss on disposal of non-current assets		**7**	19
Non-cash net finance cost		**186**	227
Gain on extinguishment of financial liability		**(272)**	-
Share based payments charge/(credit)		**(19)**	181
Income tax credit		**(176)**	
(Increase)/Decrease in fair value of derivatives	8	**(1,297)**	1,854
Provision against intercompany receivables		**-**	-
Operating cash flow before movements in working capital		**(6,460)**	(967)
Movement in inventories		**2,736**	(4,328)
Movement in receivables		**5,131**	(4,375)
Movement in provisions		**(498)**	1,237
Movement in payables		**(1,253)**	5,673
Cash (used in)/ generated by operations		**(344)**	(2,759)
Income taxes received		**410**	39
Net cash (used in)/ generated by operating activities		**66**	(2,720)
Investing activities			
Capitalised development costs		**(131)**	(928)
Purchase of property, plant and equipment		**(244)**	(436)
Net cash used in investing activities		**(375)**	(1,364)
Financing activities			
Repayment of loan		**(611)**	(426)
Repayment of invoice finance	14	**42,904**	55,854
Drawdown of invoice finance	14	**(43,723)**	(52,403)
Proceeds from issue of ordinary shares (net of expenses)		**3,221**	-
Repayment of lease obligations		**(415)**	(455)
Interest paid		**(735)**	(422)
Net cash generated by/(used in) financing activities		**641**	2,148
Net (decrease)/ increase in cash and cash equivalents		**332**	(1,936)
Cash and cash equivalents at beginning of year		**1,431**	3,294

Non-cash movements - foreign exchange	**(60)**	73
Cash and cash equivalents at end of year	**1,703**	1,431

**Further details of the prior year restatement are found in Note 4*

Consolidated statement of changes in equity

For the year ended 31 December 2023

	Share Capital unaudited £000	**Share premium account unaudited £000**	**Warrant Reserve unaudited £000**	**Currency translation Reserve unaudited £000**	**Retained Earnings unaudited £000**	**Total unaudited £000**
Balance at 1 January 2022	**3,621**	**30,009**	**-**	**153**	**(13,565)**	**20,218**
Loss for the year (restated)	-	-	-	-	(7,663)	(7,663)
Net foreign exchange gains from overseas subsidiaries	-	-	-	85	-	85
Total comprehensive loss for the year	**-**	**-**	**-**	**85**	**(7,663)**	**(7,578)**
Transactions with owners in their capacity as owners:						
Credit in relation to share-based payments	-	-	-	-	181	181
Total transactions with owners in their capacity as owners	**-**	**-**	**-**	**-**	**181**	**181**
Balance at 31 December 2022 (restated)	**3,621**	**30,009**	**-**	**238**	**(21,047)**	**12,821**
Loss for the year	-	-	-	-	(8,941)	(8,941)
Net foreign exchange gains from overseas subsidiaries	-	-	-	(62)	-	(62)
Total comprehensive loss for the year	**-**	**-**	**-**	**(62)**	**(8,941)**	**(9,003)**
Transactions with owners in their capacity as owners:						
Issue of equity shares	2,425	-	-	-	-	2,425
Premium arising on issue of equity shares	-	1,893	-	-	-	1,893
Share issue expenses	-	(769)	-	-	-	(769)
Debt to equity valuation adjustment	-	272	-	-	(272)	-
Warrant reserve	-	-	1,517	-	-	1,517
Credit in relation to share-based payments	-	-	-	-	(19)	(19)
Total transactions with owners in their capacity as owners	**2,425**	**1,396**	**1,517**	**-**	**(291)**	**5,047**
Balance at 31 December 2023	**6,046**	**31,405**	**1,517**	**176**	**(30,279)**	**8,865**

**Further details of the prior year restatement are found in Note 4*

Notes to the financial statements

For the year ended 31 December 2023

General information

FireAngel Safety Technology Group plc (the 'Company') is registered and domiciled in England and Wales, having been incorporated under the Companies Act, company registration number 3991353. The Company is a public company limited by shares and is listed on the Alternative Investment Market ('AIM') of the London Stock Exchanges. The Company's registered office and the address of its principal place of business is The Vanguard Centre, Sir William Lyons Road, Coventry, West Midlands, CV4 7EZ.

The Company and its subsidiary undertakings (the 'Group') are in the business of the design, sale and marketing of smoke, heat and CO alarms and accessories sold under the brands of FireAngel, FireAngel Pro and Specification, AngelEye and Pace Sensors. The Group also operates its own CO sensor manufacturing facility in Canada.

The unaudited preliminary financial announcement does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006 but is derived from unaudited accounts for the year ended 31 December 2023 and audited accounts for the year ended 31 December 2022.

The unaudited preliminary financial announcement is prepared on the same basis as will be set out in the statutory accounts for the year ended 31 December 2023, the audit of which is not yet complete.

The statutory accounts for the year ended 31 December 2023 will be delivered to the Registrar of Companies following the Company's annual general meeting.

Statutory accounts for the year ended 31 December 2022 have been filed with the Registrar of Companies. The auditor's report on those 2022 accounts was unqualified and did not contain any statement under Section 498 (2) or (3) of the Companies Act 2006.

Whilst the financial information included in this unaudited preliminary announcement has been prepared on the basis of UK-adopted International Accounting Standards, it does not contain sufficient information to comply with UK-adopted International Accounting Standards.

The unaudited preliminary financial information was approved for issue by the Board of Directors on 27 June 2024.

The Group's accounting reference date is 31 December.

2. Summary of significant accounting policies

Basis of consolidation
The consolidated financial statements of the Group incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year.

Going concern
The Directors have reviewed the forecast sales growth, budgets and cash projections for the period to June 2025 including sensitivity analysis on the key assumptions such as the potential impact of reduced sales and margins for the next twelve months. The base case scenario does not reflect any synergies arising from the Offer and integration strategies will take several months to implement. However, the Directors have received reassurances from Siterwell Electronics Co. Limited, the parent company of ISE that the key risks facing the business will be supported in a timely fashion and the Group will be able to meet its obligations as they fall due. Specifically, risks for which support will be provided include:

- Costs involved in transferring manufacturing capabilities from its partner in Poland to a new partner;
- Maintaining supplies to the Group's customers and minimising any disruption that the manufacturing transfer may cause;
- Providing alternative financial facilities for replacing the stand-by letter of credit which expires on 30th June 2024;
- Repayment of the Group's invoice discount facility;
- Providing sufficient cash headroom to support banking covenants in relation to the Group's Coronavirus Business Interruption Loan; and,
- Providing sufficient support for the Group to meet any other financial obligations as they fall due arising from requirements to deliver the agreed strategy and higher growth for the business.

The Directors have reasonable expectations that the Group and the Company have adequate resources to continue operations for the period of at least one year from the date of approval of these financial statements. The Directors are aware that the reassurances received from Siterwell Electronics Co. Limited are not legally binding but are satisfied that such assurances are sufficient to remove any material uncertainties that may cast doubt over the ability of the Group and the Company to continue as a going concern.

The Directors continue to adopt the going concern basis in preparing the full year accounts for 2023.

Changes in accounting policies and disclosures
New standards, amendments and interpretations adopted by the Group

The following new standards and amended standards, none of which have had a material impact on these financial statements, are mandatory and relevant to the Group for the first time for the financial period commencing 1 January 2023:

- Amendments to IAS 12 - Deferred tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to IAS 8 - Definition of Accounting Estimates
- Amendments to IAS 1 - Disclosure of Accounting Policies

Accounting standards in issue but not yet effective
At the date of authorisation of these financial statements the following standards and interpretations, which have not been applied in these financial statements and which are considered potentially relevant, were in issue but not yet effective:

- Amendments to IAS 7 & IFRS17- Statement of Cash Flows and Financial Instruments: Disclosures, Supplier Finance Arrangements

- Amendments to IAS 1 - Presentation of Financial Statements

The Directors anticipate that the adoption of the amendments to standards in future periods will have no material impact on the recognition and measurement of assets, liabilities and the associated performance of the Group or the Company when the relevant standards and interpretations come into effect.

Revenue recognition
Revenue is recognised when revenue and associated costs can be reliably measured and future economic benefits are probable. Revenue is measured at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, net of rebates and settlement discounts, VAT and other sales related taxes.

Revenue represents income derived from contracts for the provision of goods and services, over time or at a point in time, by the Group, to customers in exchange for consideration in the ordinary course of the Group's activities.

Contracts with customers are assessed to identify performance obligations for both the transfer of goods or for the provision of services. Goods and services are distinct and accounted for as separate performance obligations if the customer can benefit from them either on their own or together with other resources that are readily available to the customer and they are separately identifiable in the contract. The Group has determined that all of these contracts include a single performance obligation as the promises within the contracts are not separately identifiable.

Revenue is recognised as performance obligations are satisfied as control of the goods and services is transferred to the customer. For each performance obligation within a contract, the Group determines whether it is satisfied over time or at a point in time.

Performance obligations are satisfied over time if one of the following criteria is satisfied:
- the customer simultaneously receives and consumes the benefits provided by the Group's performance as it performs;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's performance does not create an asset with an alternative use to the Group and it has an enforceable right to payment for performance completed to date.

For each performance method to be recognised over time, the Group recognises revenue using an input method, based on costs incurred or as a proportion of estimated total contract costs or physical proportion of contract work completed in relation to the total. Revenue and attributable margin are calculated by reference to reliable estimates of transaction price and total expected costs and are therefore recognised progressively as costs are incurred or work is completed.

When it is considered probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The Group has determined that most of its contracts satisfy the point in time criteria as the sales of goods are recognised when control has been transferred to the customer. For the majority of customers this is when goods are delivered and title has passed. For others it is when goods are delivered for shipment by our contract manufacturers, depending upon the terms and conditions of the sales contract as to when the risks and rewards of ownership are transferred.

Inventories
Inventories are stated at the lower of historical cost and net realisable value. Cost comprises direct material cost and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in first-out method. Net realisable value represents the estimated selling price in the ordinary course of business less all estimated costs to completion and selling costs to be incurred.

Forward currency derivatives
The Group enters into derivative foreign currency forward contracts which are classified as financial instruments at fair value through profit and loss. They are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Fair value gains and losses are recognised in profit and loss.

The Group does not have the right of offset between such derivatives, and so all derivatives that are financial assets are shown separately from all derivatives that are financial liabilities, at each period end.

Adjusting items
The Group discloses certain financial information both including and excluding adjusting items. The presentation of information excluding adjusting items allows a better understanding of the underlying trading performance of the Group and provides consistency with the Group's internal management reporting. Adjusting items are identified by virtue of their size, nature or incidence and the Directors consider that these items should be separately identified so as to facilitate comparison with prior periods and to assess the underlying trends in the financial performance of the Group.

3. Critical accounting estimates and areas of judgement

Impacting the Group
Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions at the end of the accounting period that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

European Partner Revenue recognition (judgement)
In April 2021 the Group signed a long-term partnership agreement with, Techem, to provide a fully funded research and development programme for a new generation smoke alarm.

Consideration has been given as to whether to adopt IFSR15 revenue recognition accounting principles or IFRS 11 joint venture accounting treatment. The Group has concluded that Techem are in control of the design phase and thus do not require a unanimous consent of both parties which is required to adopt IFRS 11 treatment.

The assessment of the dominant factor in the contract requires significant judgement. The Group have looked at the promises within the contract (product design phases, licences and warranties) on their own merit to analyse if they are distinct or whether they need to be treated as one combined performance obligation. The Group has concluded that as the product design, development, prototypes and licences are not distinct in the context of the contract, there is a single combined performance obligation.

The assessment of the dominant factor also requires significant judgement and on the balance of evidence the Group has taken the view that the development services are dominant looking at both the contractual prices and level of effort required to deliver the development services to the customer. The Group has considered how the performance obligation is satisfied by analysing the transfer of control of the intellectual property to the customer. The asset created has no alternative use for FireAngel, that is only Techem can use the product prototype and designs and FireAngel has an enforceable right to payment for performance completed. As such the Group has concluded that the Group's performance creates an asset that Techem controls as it is created. Therefore, the licences (Background IP and Foreground IP) should be evaluated under paragraphs 31-38 of IFRS 15, rather than the licence guidance in paragraphs B58- B61. The Group has decided that the most appropriate methodology to recognise revenue over time is the input methodology which is based upon the Group's efforts to satisfy the performance obligation.

Using the input methodology, the Group have needed to consider the accuracy of forecasted development costs. These forecasts are built from the ground up and are the Group's best estimate of costs to complete the development phase. Any changes in the total design phase costs will have an impact of the timing of revenue recognition.

The Group has also had to consider the value prescribed to the royalty fees earned during the contract. The contract between the two parties guarantees a minimum royalty fee of €3 million. The minimum royalty fee of €3m has been included in the initial contract consideration which is being recognised as described above. This amount will be payable as products are sold and therefore the contract includes a significant financing element. Once the minimum royalty fee has been received the intellectual property transfers to the German service provider and FireAngel is granted a licence to use this IP for the development, manufacture and sale of FireAngel's own products. No value has been attributed to the non-cash consideration represented by the Group's future rights over this IP as until development is completed no reliable assessment of fair value can be made and therefore it is not yet probable that there will not be a significant reversal of any amount recognised.

As at 31 December 2023, the Group has now recognised £5.8 million (81%) of the total consideration of the contract and expects to recognise the remaining £1.4 million in 2024.

Impairment of non-financial assets (estimate)
At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets (including goodwill) to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and other intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately through the income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

During 2023, the Group recognised an impairment charge of £0.2 million against its capitalised intangible product development costs.

As a result of the planned cessation of production with Flextronics in 2024 the Group has undertaken a thorough review of product lines and has decided not to transfer certain models to the new supplier thus shortening their useful economic life and included impairment charges of £0.2 million within comprehensive income.

Connected home intangible assets with a net book value of £1.6 million are being amortised. The Board expects that in future an increasing proportion of products sold will be connected and given that the Group already has a connected homes technology product offering in the market, the Board believes that the carrying value of connected homes technology intangibles is not impaired. In reaching this conclusion, the Board also acknowledges the losses incurred by the Group over the past three years and the heightened risk of impairment that this leads to.

Warranty provisions (estimate)
As discussed under *Significant Accounting Policies* above, provisions for product warranty claims are recognised when the Group has a present obligation arising from past event which it is probable will result in an outflow of economic benefits that can be reliably estimated. The Group has recently enhanced its data capture and monitoring capabilities which has allowed management to further analyse warranty claims that had previously been expensed in the period notified to the business. Enhancements to customer services and finance databases has allowed management to broaden its determination of provisions for product warranty claims. At 31 December 2023 the provision for warranty claims totalled £2.0 million (2022 restated: £2.4 million). Refer to note 4 for further information.

Issue of warrants (judgement)
Management has made the judgement that the issue of the share warrants was a cost of placing the new ordinary shares. As such, the fair value cost has been expensed.

Deferred tax recognition (judgement)
At 31 December 2023 there is a deferred tax asset of £4.3 million (2022: £2.8 million) which has not been recognised as the timing of utilisation is uncertain. Deferred tax assets should only be recognised where they are more likely than not to be realised. Whilst the Group expects a return to profitability in the future, the generous deduction available for research and development expenditure means that it is likely to be several years before these losses will need to be accessed.

4. Prior year adjustment

Provisions for product warranty claims are recognised when the Group has a present obligation arising from a past event which it is probable will result in an outflow of economic benefits that can be reliably estimated. Following further refinement of customer and production databases, data previously available to management has been constructed to quantify more accurately the full extent of the outflow of economic benefits. The improvement of data quality has largely taken place during 2022 and 2023, but sufficient data now exists to ensure that future obligations can be accurately estimated and was available in 2022. Previously the costs of such warranty claims had been expensed to profit and loss in the period notified. The refined data shows that such claim costs should have been provided for in previous periods, resulting in the correction of this error by way of a prior period adjustment.

The financial impact of the restatement is to decrease shareholders' equity by £1.8 million from £14.6 million as at 31 December 2022 as previously stated. As the information was not available at 31 December 2021, the whole of the adjustment has been passed through the comparative period of 2022. Table below shows the impact of the restatement on the appropriate line items. The restatement has no impact on cash or cash equivalents.

Extract from restated consolidated income statement for the year ended 31 December 2022

	As previously stated £000	**Adjustment £000**	**Restated £000**
Cost of sales	(47,360)	(1,818)	(49,178)
Gross profit	10,101	(1,818)	8,283
Loss from operations	(5,912)	(1,818)	(7,730)
Loss before tax	(6,107)	(1,818)	(7,925)
Loss attributable to equity owners of the Parent	**(5,845)**	**(1,818)**	**(7,663)**

Extract from restated consolidated statement of financial position as at 31 December 2022.

	As previously stated £000	**Adjustment £000**	**Restated £000**
Current liabilities			
Provisions	(502)	(808)	(1,310)
Net current assets	3,604	(808)	2,796
Non-current liabilities			
Provisions	(471)	(1,010)	(1,481)
Total liabilities	(23,080)	(1,818)	(24,898)
Net assets	14,639	(1,818)	12,821
Total equity	**14,639**	**(1,818)**	**12,821**

5. Revenue and segmental reporting
The Group sells and distributes home safety products and accessories in the UK, Continental Europe and certain other countries and undertakes manufacturing activities in Canada. Its major customers are based throughout the UK, Continental Europe and in other countries outside Continental Europe. Financial information is reported to the Board on a consolidated basis with revenue and operating profit stated for the Group.

IFRS 8 requires the presentation of segmental information in relation to the Group in the Annual Report on the same basis as information reported to the Board. The Chief Operating Decision Maker ('CODM') has been determined to be the Board which delegates day-to-day responsibility for managing the Group to the Executive Management Team ('EMT') led by the Executive Chairman.

Based on the information on which strategic and operating decisions are made, the CODM considers that there is one identifiable operating segment as there are no separately identifiable business segments that are engaged in providing individual products or services, or a group of related products and services, that are subject to risks and returns that are different to the core business of the home safety products market in Europe.

Revenue and gross profit for each of the Group's business units are reviewed by the Board and rolled up into consolidated financial information with non-business unit costs included to arrive at the results that investors see. Business unit reporting to the Board generally excludes information on overheads by business and other income statement information, which is all reported on a consolidated basis. Assets and liabilities are also generally reported to the Board on a consolidated basis.

Revenue from continuing operations	**2023 unaudited £000**	Restated 2022 £000
Business Units:		
UK Trade	**6,453**	9,610
UK Retail	**17,414**	19,776
UK Fire & Rescue Services	**3,366**	3,266
UK Utilities	**3,581**	3,532
International	**6,642**	16,349
Techem	**2,200**	2,517
Pace Sensors	**1,260**	2,411
Total revenue from external customers	**40,916**	57,461

All business units, excluding Pace Sensors and our European Partner, earn revenue from the sale of smoke, heat and CO alarms and accessories to end customers. Pace Sensors earns revenue from the manufacture and sale of CO sensors to a third-party CO detector assembler based in China. Revenue from our European Partner is derived from a research and development programme for a new generation smoke alarm, for further details see note 6.

As of 1 January 2023, the business reassigned one customer with revenue of £44,000 in 2022 which previously reported within the UK Trade business unit are now reporting through the Utilities business unit. The 2022 sales comparatives have been adjusted accordingly.

For 2023, revenues of approximately £5.1 million were derived from one external customer (2022: £6.6 million from one external customer), which individually contributed over 10% of total revenue of the Group. These revenues are attributable to the UK Retail business unit. An analysis of the Group's revenue is as follows:

	2023 unaudited £000	2022 £000
Continuing operations:		
UK	**30,814**	36,184
Continental Europe	**7,841**	18,542
Rest of World	**2,261**	2,735
	40,916	57,461

Non-current assets, excluding deferred tax assets, for UK and overseas territories are as follows:

	2023 unaudited £000	2022 £000
Continuing operations:		
UK	**10,244**	13,491
Canada	**535**	242
Non-current assets	**10,779**	13,733

6. Revenue recognition - Techem

In April 2021 the Group signed a long-term partnership agreement with Techem to provide a research and development programme for a new generation smoke alarm. The Group has looked at the individual element of the contract and has concluded that there are no separate performance obligations and as such the contract forms one central non-distinct performance obligation.

In order to determine the total revenue associated with this contract the Group has amalgamated the already agreed background IP and minimum royalty amounts with the forecasted fees for the product development phases. The payment structure agreed in the contract dictates that consideration will be received at contract milestones during the development phase and once product starts to be delivered. As a result of the payment schedule within the contract it has been determined the contract includes a significant financing element. Therefore, the expected cash flows have been discounted using the Group's own borrowing rate at the contract's inception. These discounted amounts will be recognised as interest earned using the same phasing methodology as revenue.

To determine the phasing of the revenue recognition the Group has chosen to adopt the input methodology approach as this is based upon direct efforts to satisfy the dominant component of the performance obligation which is the product design element. This methodology dictates that progress be measured by viewing current spend against total projected development spend. At the end of 2023 the Group has calculated it is 82% (2022: 56%) of the way through its development process based on this methodology.

The contract between the two parties guarantees a minimum royalty fee of €3 million. The minimum royalty fee of €3 million has been included in the initial contract consideration which is being recognised as described above. This amount will be payable as products are sold and therefore the contract includes a significant financing element. The Group currently values the consideration of the design and development phase of the contract at £7.7 million (£7.0 million in revenue and £0.7 million as interest receivable). The Group has recorded a net contract asset of £2.4 million (2022: £1.3 million) as the contract billing arrangements at specific milestones does not mirror the accounting treatment of performance obligation satisfaction.

Once the minimum royalty fee has been fully paid the intellectual property transfers to Techem and FireAngel will be granted a licence to use this IP for the development, manufacture and sale of FireAngel's own products. No value has been attributed to the non-cash consideration represented by the Group's future rights over this IP as until development is completed no reliable assessment of fair value can be made and therefore it is not yet probable that there will not be a significant reversal of any amount recognised.

	2023 unaudited £000	2022 £000
Revenue Recognised	**2,200**	2,517
Costs Recognised	**(1,384)**	(1,299)
Gross profit Attributable to contract	**816**	1,218
Revenue Recognised - cumulative	**5,761**	3,560
Interest income recognised - cumulative	**549**	318
Total Consideration	**6,310**	3,878
Billing to date	**(3,904)**	(2,546)
Accrued income	**2,406**	1,332

7. Adjusting items

	2023 unaudited £000	2022 £000
Within cost of sales		
Provision against stock, components and disposal costs (note a)	**-**	(54)
	-	(54)
Within operating expenses		
Restructuring and fundraising costs (note b)	**772**	-
Strategic review (note c)	**141**	-
Legal advice on the Offer (note d)	**481**	-
Dilapidations provisions (note e)	**298**	-
Impairment of intangible assets (note f)	**104**	916
Impairment of tangible assets (note g)	**38**	30
Share-based payment charges	**(19)**	181
	1,815	1,127
Total adjusting items	**1,815**	1,073

a. During 2022 the Group was able to sell stock lines that had previously been impaired which resulted in an adjusting credit of £0.1 million.

b. Restructuring and certain fundraising costs of £0.8 million were incurred in 2023. The cash impact in 2023 for this was £0.6 million.

c. During 2023 the Group undertook a strategic review using an external party to not only examine in detail the current markets in which the Group operates but also to identify operational improvements that would increase margins and efficiencies. The cash impact of the review was £0.1 million.

d. Legal fees of £0.5 million were incurred by the Group in relation to the Offer made by ISE on 27th October 2023. The cash impact in 2023 was nil.

e. At the end of 2023 several property leases had expired with the Group moving to a rolling month on month lease. The Group is planning on exiting these properties during 2024 and so has provided for dilapidations at £0.3 million. There was nil cash impact in 2023. The prior year charge was nil.

f. As a result of the planned cessation of production with Flextronics in 2024 the Group has undertaken a thorough review of product lines and has decided not to transfer certain models to the new supplier thus shortening their useful economic life. As a result of this review an impairment charge of £0.1 million has been included in comprehensive profit and loss during the year. There was nil cash impact in 2023 (2022: nil).

g. As a result of the planned cessation of production with Flextronics in 2024 the Group has reviewed its tooling and machinery requirements and will not be transferring all assets to the new manufacturer. This decision has shortened the useful economic life of these assets and resulted in a one-off additional impairment charge in the period. There was nil cash impact in 2023. The prior year charge was nil.

Further to the above, there has been a cash outflow of £0.5 million associated with prior period adjusting warranty charges to profit or loss.

8. Net finance costs

	2023 unaudited £000	2022 Restated £000
Interest expense on bank borrowings	**(712)**	(398)
Lease liability interest expense	**(23)**	(24)
Unwind of discount on warranty provision	**(47)**	-
Interest received on discounted cash flows	**233**	227
Gain on extinguishment of financial liability	**272**	-
Total net finance costs	**(277)**	(195)

Non underlying finance income of £0.3 million was recognised as part of the capital raise on 28 June 2023 when the company agreed to a debt for equity swap with one of its major suppliers. Trade payables due within one year with a carrying value of £2,075,560 were derecognised in exchange for the issue of Ordinary shares. The gain on extinguishing the financial liability was treated as adjusting finance income.

9. Income tax

	2023 unaudited £000	2022 £000
Current tax		
UK corporation tax credit	**(197)**	(307)
UK - adjustments in respect of prior periods (credit)/charge	**5**	51
Foreign tax charge	**25**	(6)
	(167)	(262)
Deferred tax		
Origination and reversal of temporary differences	**-**	-
Adjustments in respect of prior periods	**-**	-
Income tax credit	**(167)**	(262)

Domestic income tax is calculated at 23.52% (2022: 19.00%) of the estimated assessable profit or loss for the year.

The tax credit for the year can be reconciled to the profit per the consolidated income statement as follows:

	2023 unaudited		2022 Restated	
	£000	**%**	£000	%
Loss before tax	**(9,108)**		(7,925)	
Tax at the blended domestic income tax rate of 23.52% (2022: 19.00%)	**(2,142)**		(1,506)	
Tax effect of expenses that are not deductible in determining taxable profit	**325**		35	
Effect of allowance for capitalised development expenditure	**21**		(169)	

Adjustments in respect of prior periods	**5**		51	
Deferred tax not recognised	**1,699**		1,345	
Impact of foreign tax rates	**25**		(25)	
Difference in current and deferred tax rates	**(96)**		19	
Effect of tax rate change on opening patent box set-off	**-**		-	
Other adjustments	**(4)**		(12)	
Tax credit and effective tax rate for the year	**(167)**	**2%**	(262)	3%

The weighted average applicable tax rate was 2% (restated 2022: 3%). The tax credit for 2023 is largely due to enhanced research and development tax relief schemes and operating losses in the year of £8.8 million.

Tax losses are, where possible, realised during the year through surrender for research and development tax credits. There are no time restrictions on the utilisation of tax losses going forward.

At 31 December 2023 there is a deferred tax asset of £4.3 million (2022: £2.8 million) which has not been recognised as the timing of utilisation is uncertain. This was calculated using a corporation tax rate of 25%. Deferred tax assets should only be recognised where they are more likely than not to be realised. Whilst the Group expects a return to profitability in the future, the generous deduction available for research and development expenditure means that it is likely to be several years before these losses will need to be accessed.

10. Dividends

As a result of the loss reported for the year, and consistent with the decision not to pay an interim dividend (2022: nil pence per share), the Directors do not recommend payment of a final dividend for the year (2022: nil pence per share). The total dividend payable for 2023 is therefore nil pence per share (2022 nil pence per share)

11. Earnings per share

Earnings from continuing operations	**2023 unaudited £000**	2022 Restated £000
Earnings for the purposes of basic and diluted earnings per share (loss for the year attributable to owners of the Parent)	**(8,941)**	(7,663)

Number of shares	**'000**	'000
Weighted average number of ordinary shares - basic calculation	**243,030**	181,067
Dilutive potential ordinary shares from share options	**-**	-
Weighted average number of ordinary shares - diluted calculation	**243,030**	181,067

	2023 unaudited Pence	2022 Restated Pence
Basic earnings per share	**(3.7)**	(4.2)
Diluted earnings per share	**(3.7)**	(4.2)

Basic EPS is calculated by dividing the earnings attributable to ordinary owners of the parent by the weighted average number of shares outstanding during the period.

Diluted EPS is calculated on the same basis as basic EPS but with a further adjustment to the number of weighted average shares in issue to reflect the effect of all potentially dilutive share options or warrants. The number of potentially dilutive share options or warrants is derived from the number of share options and awards granted to employees and Directors where the exercise price is less than the average market price of the Company's ordinary shares during the period added to the warrants in circulation. Under IFRS no allowance is made for the dilutive impact of share options which reduce a loss per share. The basic and diluted EPS measures are therefore the same for the year ended 31 December 2023 and 31 December 2022.

12. Inventories

	2023 unaudited £000	2022 £000
Raw materials	**178**	177
Work-in-progress	**345**	155
Finished goods	**5,763**	8,086
Total gross inventories	**6,286**	8,418
Inventory provisions	**(961)**	(357)
Total net inventories	**5,325**	8,061

Pace Sensors Limited, the Group's wholly owned subsidiary in Canada, manufactures CO sensors for use in the Group's CO alarms. The CO sensors are shipped to Pace Technologies, an independent third-party supplier based in China, for assembly into finished CO alarms, which are then purchased by the Group in the UK. The Group does not maintain a provision for unrealised profit in CO sensors within finished CO alarm stock, as CO sensors are sold to an independent third party, Pace Technologies, before being acquired as finished CO alarm products and put into stock by the Group.

Stock impairment costs of £0.6 million were provided in the year (2022: £0.1 million).

13. Loans and borrowings

	2023 unaudited £000	2022 £000
Bank term loan	**2,186**	2,797
Invoice discounting facilities	**2,632**	3,451

The Group maintained a £7.5 million invoice discounting facility, of which £2.6 million was drawn down at the year end, with HSBC UK Bank plc secured on UK and international trade debtors which can be accessed as required. This facility incurs interest charges of 3.75% above the Bank of England base rate and is repayable on demand. This is a rolling facility with a 3 month notice period and no fixed expiry date.

The Group also has a Coronavirus Business Interruption Loan Scheme ("CBILS") loan which incurs interest at 3.99% above the Bank of England base rate and is repayable up until April 2027. The loan has covenants which are attached to the Group's minimum available liquidity levels.

All loans and borrowings have a fair value which is equal to their carrying value.

At 31 December 2023, the Group had the following lease liabilities totalling £0.4 million:

	Land and buildings £000	Plant and machinery £000	Vehicles £000	Total £000
At 1 January 2022	902	26	20	948
Accretion of interest	24	-	-	24
Payments	(459)	(10)	(12)	(481)
At 31 December 2022	**467**	**16**	**8**	**491**
Accretion of interest	23	-	1	24
Additions	326	-	29	355
Payments	(427)	(9)	(14)	(450)
At 31 December 2023	**389**	**7**	**24**	**420**

Maturity analysis of lease liabilities	Within 6 months £000	6 months to 1 year £000	1 to 5 years £000	Over 5 years £000	Total at 31 December 2023 £000
Payments					
Land and buildings	137	37	267	-	441
Plant and machinery	-	7	1	-	8
Vehicles	3	3	16	-	22
Total payments	**140**	**47**	**284**	**-**	**471**

Interest charge					
Land and buildings	(9)	(9)	(29)	-	(47)
Plant and machinery	-	-	-	-	-
Vehicles	(1)	(1)	(2)	-	(4)
Total interest charge	**(10)**	**(10)**	**(31)**	**-**	**(51)**
Total lease liabilities at 31 December 2023	**130**	**37**	**253**	**-**	**420**

At 31 December 2022, the Group had the following lease liabilities totalling £0.5 million:

Maturity analysis of lease liabilities	**Within 6 months £000**	**6 months to 1 year £000**	**1 to 5 years £000**	**Over 5 years £000**	**Total at 31 December 2022 £000**
Payments					
Land and buildings	220	169	87	-	476
Plant and machinery	2	8	8	-	18
Vehicles	4	4	-	-	8
Total payments	**226**	**181**	**95**	**-**	**502**
Interest charge					
Land and buildings	(6)	(2)	(1)	-	(9)
Plant and machinery	(1)	(1)	-	-	(2)
Vehicles	-	-	-	-	-
Total interest charge	**(7)**	**(3)**	**(1)**	**-**	**(11)**
Total lease liabilities	**219**	**178**	**94**	**-**	**491**

14. Changes in liabilities arising from financing activities

	Bank Loans £000	**Invoice discounting facility £000**	**Lease liabilities £000**	**Total unaudited £000**
Balance at 1 January 2022	**3,223**	**-**	**948**	**4,171**
Drawdown of facility	-	55,854	-	55,854
Repayment of facility	(426)	(52,403)	-	(52,829)
Capital payments	-	-	(457)	(457)
Interest charge	118	155	24	297
Interest payments	(118)	(155)	(24)	(297)
Balance at 31 December 2022	**2,797**	**3,451**	**491**	**6,739**
Drawdown of facility	-	42,904	-	42,904
Repayment of facility	(587)	(43,723)	-	(44,310)
Capital payments	(24)	-	(415)	(439)
Interest charge	217	328	24	569
Interest payments	(217)	(328)	(24)	(569)
Acquisition of leases	-	-	355	355
Foreign exchange difference	-	-	(11)	(11)
Balance at 31 December 2023	**2,186**	**2,632**	**420**	**5,238**

15. Provisions

	Battery impedance warranty provision £000	**Product warranty claims provision restated £000**	**Total unaudited £000**
At 1 January 2022	**1,553**	**-**	**1,553**
Charge in year restated	-	1,818	1,818

Utilisation in year restated	(580)	-	(580)
At 31 December 2022 restated	**973**	**1,818**	**2,791**
Charge in year	-	957	957
Unwind of discounting	-	46	46
Utilisation in year	(478)	(1,023)	(1,501)
At 31 December 2023	**495**	**1,798**	**2,293**

The total warranty provision is classified between less than one year and greater than one year as follows:

	2023 unaudited			2022 restated		
	Battery impedance warranty provision £000	**Product warranty claims provision £000**	**Total £000**	Battery Impedance Warranty provision £000	Product Warranty Claims provision £000	Total £000
Current provision	**246**	**866**	**1,112**	502	808	1,310
Non-current provision	**249**	**932**	**1,181**	471	1,010	1,481
Total warranty provisions	**495**	**1,798**	**2,293**	973	1,818	2,791

Review of battery impedance warranty provision
The Group regularly reviews the return rates of affected products and recalculates the provision based on the changing USD FX rates and supplier pricing. The Group expects the provision to be exhausted in 2027 when the final products from 2017 production fall outside of the 10 year warranty period.

The provision was increased by £40,000 in the year due to the effects of increased product costs which was offset entirely by amending terminal return rates in the provision calculation to reflect return patterns seen over the last 12-18 months.

Product warranty claims provision
Following further refinement of customer and production databases, sufficient data has been constructed that has allowed management to quantify more accurately the full extent of the outflow of economic benefits associated with general product warranty claims. Previously the costs of such warranty claims had been expensed to profit and loss in the period notified. The refined data shows that such claim costs should have been provided for in previous periods. As such a provision is recognised and comparatives restated. Further details are given in note 4.

16. Post balance sheet events
Update on the recommended cash offer for FireAngel by Intelligent Safety Electronics Pte. Ltd ("ISE")
On 27 October 2023, the boards of ISE and FireAngel announced that they had reached agreement on the terms and conditions of a recommended cash offer to acquire the issued and to be issued share capital of FireAngel not already owned or controlled by ISE (the "**Offer**"). ISE is a company incorporated in Singapore and is wholly-owned by Siterwell Electronics Co., Ltd ("**Siterwell**"), a leading manufacturer of intelligent security protection for life and property which utilises an advanced smart security ecosystem technology. ISE currently holds approximately 17.46 per cent. of FireAngel's issued share capital.

The Offer was conditional upon, among other things, satisfaction of a condition relating to a material official authorisation or regulatory clearance (the "**NSIA Condition**"), in this in-stance being the National Security and Investment Act 2021 (the "**Act**"). As announced on 21 December 2023, the Secretary of State had written to ISE and FireAngel to inform them that it has considered the notification made by ISE under the Act in relation to the Offer and has chosen to issue a call-in notice.

As announced on 17 May 2024 (the "17 May Announcement") in respect of the NSIA Condition, the Secretary of State gave notice of a final order in relation to the Offer ("Order"). The Order approved the Offer subject to the satisfaction of certain conditions (the "Approval Conditions") the terms of which are set out in the 17 May Announcement. FireAngel and ISE considered the Approval Conditions and determined them to be reasonably acceptable to them (as is specifically required in order for the condition set out at paragraph 2.1 of Section A of Part 3 of the Offer Document. Both FireAngel and ISE now consider the Approval Conditions to be satisfied.

Furthermore, on 17 June 2024, FireAngel and ISE announced that The Offer had been declared unconditional in all respects in accordance with its terms, and as ISE had received valid acceptances in respect of 75 per cent. or more of FireAngel's issued share capital, ISE request-ed the FireAngel Board to apply for the cancellation of the admission to trading on AIM of FireAngel shares. The Offer will remain open for acceptance until 1.00 p.m. on 1 July 2024, being the Unconditional Date.

On 25 January 2024, the Group announced it had drawn down, and received from ISE, £1.0 million, which has been used for general working capital purposes (the "**Facility**"). The availability of the Facility was subject to the Offer not being completed by 31 December 2023 or having been withdrawn, lapsed or terminated and it continuing to be recommended by the directors of FireAngel and usual events of default not continuing. The draw down is in accordance with the terms of the facility as detailed in the announcement of 27 October 2023.

On 28 March 2024 legal proceedings were commenced against FireAngel Safety Technology Limited, a wholly-owned subsidiary of the Company by Zenner International GmbH & Co KG and Minol Messtechnik W.Lehman GmbH & Co KG relating to the supply of alleged defective detectors between 2011 and 2019. The claim for damages, with a maximum value of €7.3 million was issued at the High Court of Justice, England and Wales on 20 March 2024. The Board has taken legal advice and believes the claim is without merit. The Company will robustly defend the proceedings.

Other information
Corporate directory

REGISTERED NUMBER
3991353

COMPANY SECRETARY
Adrian Wilding

REGISTERED OFFICE
Vanguard Centre
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Coventry
CV4 7EZ

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Chartered Accountants
14th Floor
20 Chapel Street
Liverpool
L3 9AG

SOLICITORS
Pinsent Masons
30 Crown Place
London
EC2A 4ES

NOMINATED ADVISER AND BROKER
Shore Capital & Corporate Limited/Shore Capital Stockbrokers Limited
Cassini House
57 St James's Street
London
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REGISTRAR
Neville Registrars Limited
Neville House
Steelpark Road
Halesowen
B62 8HD

BANKER
HSBC UK Bank plc
3 Rivergate
Temple Quay
Bristol
BS1 6ER

Other information

Shareholder information

SHAREHOLDER ENQUIRIES

Any shareholder with enquiries should, in the first instance, contact the Company's registrar, Neville Registrar, using the address provided in the Corporate directory.

SHARE PRICE INFORMATION

London Stock Exchange AIM symbol: **FA.**

Information on the Company's major shareholders is available in the Share Details section of the Investors area of the FireAngel Safety Technology Group plc website at www.fireangeltech.com.

INVESTOR RELATIONS

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