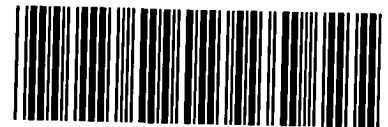


Company registration number 11802958 (England and Wales)

Neatframe Limited
Annual Report And Financial Statements
For the Year Ended 31 December 2021

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NEATFRAME LIMITED

COMPANY INFORMATION

Directors

Mr J D Weeks
Mr F Halvorsen (Appointed 30 July 2021)
Mr O J Winge (Appointed 30 July 2021)

Company number

11802958

Registered office

Cannon Green
27 Bush Lane
London
EC4R 0AA

Independent auditors

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

NEATFRAME LIMITED

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NEATFRAME LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present the strategic report for the year ended 31 December 2021.

PRINCIPAL ACTIVITIES

The principal activity of the Company during the year was that of development and manufacture of communication hardware and software. The company has fully owned subsidiaries in Norway, Australia, Japan and the USA.

BUSINESS REVIEW

Key Performance Indicators for the Group:

	2021	2020
	\$	\$
Revenue	67,871,363	13,766,532
Loss for the Year	(1,013,406)	(1,447,779)
Net assets	55,705,302	14,408,779

The Group made a deliberate decision to reinvest all profits into revenue growth. The Group continued to focus on geographic expansion, increased its headcount with a factor of 2.5x and expanded its product portfolio with 2 new products: Bar Pro and Frame, both announced at the end of 2020.

STRATEGY

Neatframe Limited designs simple and elegant pioneering video devices for use with Microsoft Teams and Zoom, helping make the meeting space experience the best it can be. Continuously pushing boundaries, Neat devices are incredibly easy to install, set up and use and have unique features to support a safer, more enhanced and engaging hybrid working and learning environment going forward.

Neatframe Limited was founded by a team of creative mavericks that, for decades, have shaped game-changing innovations for some of the world's most recognized video communications brands. We pour all our energy into the very last detail of what we do. It includes how we visualize and design a product and the technology it supports, to how anyone can easily buy it via the channel or online, and get it shipped globally within days. Taking video communications to a whole new level is core to our DNA and an obsession we share with our partners.

RESEARCH AND DEVELOPMENT

The company's total research and development expenditure in 2021 was \$10,526,363 (2020: \$6,102,786) of which \$5,324,967 (2020: \$2,251,631) has been capitalised.

FUTURE OUTLOOK

The board is pleased with progress made since the Company launched its first products in early 2020. The Board remains committed to invest into research and development in order to expand the Company's product portfolio.

NEATFRAME LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

PRINCIPAL RISKS

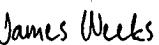
The key risks that the Board considers the Company to be exposed to are:

Early-stage market: While the overall video conferencing market is mainly dominated by large corporations, the segment where Neatframe Limited operates is still at a relatively early stage and difficult to predict, requiring the Company to quickly adapt to changing conditions.

Ability to continue to innovate and launch new products: In order to compete long term, the Company must continue to innovate and bring new products to market to remain competitive.

Managing growth: In order to manage growth, the company must add additional capacity in management, operations, sales, marketing, finance and other resources, and establish relationships with third party partners on manufacturing, distribution and sales.

On behalf of the board

DocuSigned by:

.....C97A9BCB1D9D4B6.....

Mr J D Weeks
Director

Date: 28 March, 2023

NEATFRAME LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their annual report and audited consolidated financial statements for the year ended 31 December 2021.

Principal activities

The principal activity of the group continued to be that of development and manufacture of communication hardware and software.

The prior year financial statements of Neatframe Limited were prepared in accordance with IFRS given that the group were exempt from preparing group accounts under s399 of the Companies Act. In the current financial year, the entity has elected to prepare the consolidated group financial statements, consisting of the parent company Neatframe Limited together with all entities controlled by the parent company (its subsidiaries).

Results and dividends

The results for the year are set out on page 9.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr J D Weeks

Mr F Halvorsen

Mr O J Winge

(Appointed 30 July 2021)

(Appointed 30 July 2021)

Indemnity provisions for directors

The company had directors' and officers' liability insurance in place throughout the financial year and up to the date of approval of the financial statements. By virtue of articles of association, the company had also provided indemnity for its directors and the secretary, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006.

Post reporting date events

The Group has secured a \$15 million loan facility agreement with Ubon Partners, its ultimate controlling party, in September 2022. Interest shall compound at a rate of 8.0% per year payable at maturity of the loan. The principal of the Loan will automatically convert into the most senior class of equity on the next funding round, IPO or change in control at a 20% conversion discount.

Statement of disclosure to auditors

Each director in office at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that he / she ought to have taken as a director in order to make himself / herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Future Developments and Research and Development expenditure

Details on these are provided in the Strategic report.

Going concern

The directors have assessed the Company and Group's financial position for the period of 12 months from the date of signing of these financial statements, to determine if the company has the financial resources to continue as a going concern for the foreseeable future.

NEATFRAME LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Going concern

(Continued)

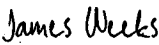
In assessing whether the going concern basis is appropriate, they have considered the information contained in the financial statements, the latest business plan, cashflow forecasts and liquidity projections. These forecasts have been subject to sensitivity analysis, including preparation of a severe but plausible downside scenario to establish that there is no realistic scenario under which the Company would not be able to meet its liabilities as they fall due.

Based on the above, the directors are satisfied that the Company has adequate resources to continue to operate as a going concern for a period of at least 12 months from the date of this report and have prepared the financial statements on that basis.

Financial risk management

Exposure to capital management, credit, liquidity, market, interest rate and foreign currency risks arises in the normal course of the Company's operations. All these risks, and the policies adopted by the Board to limit these risks, are detailed in notes 17 and 18 of this report and financial statements.

On behalf of the board

DocuSigned by:

.....C97A9BCB1D9D4B6.....

Mr J D Weeks
Director

Date: 28 March, 2023

NEATFRAME LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group financial statements in accordance with UK-adopted international accounting standards and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- for the group consolidated financial statements, state whether they have been prepared in accordance with UK-adopted international accounting standards;
- for the Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- make an assessment of the company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report to the members of Neatframe Limited

Report on the audit of the financial statements

Qualified opinion

In our opinion, except for the possible effects of the matter described in the Basis for qualified opinion paragraph below,:

- Neatframe Limited's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2021 and of the group's loss and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the group and company statements of financial position as at 31 December 2021; the group statement of comprehensive income, the group and company statements of changes in equity, the group statement of cash flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for qualified opinion

We were appointed as auditors of the Company on 21 July 2022 and thus did not observe the counting of the physical inventories at the beginning of the year. We were unable to satisfy ourselves by alternative means concerning inventory quantities held at 31 December 2020. Since opening inventories enter into the determination of the financial performance and cash flows, we were unable to determine whether adjustments might have been necessary in respect of the loss for the year reported in the group statement of comprehensive income and in the group and company statements of changes in equity; and the net cash flows from operating activities reported in the group statement of cash flows. Our opinion has been qualified on this basis.

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

Independence

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

Conclusions relating to going concern

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

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

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

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

Reporting on other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

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

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to health and safety standards and other legislation specific to the industry in which the group operates, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate revenue or expenses and management bias in determining accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Challenging assumptions and judgements made by management in their significant accounting estimates and judgements; and
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations.

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

In respect solely of the limitation on our work relating to testing of existence of inventory as at 31 December 2020, described in the Basis for qualified opinion paragraph above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records have been kept by the company.

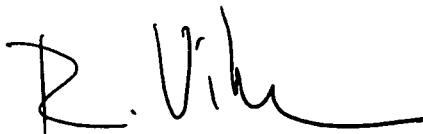
Under the Companies Act 2006 we are also required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Other matter

The financial statements for the year ended 31 December 2020, forming the corresponding figures of the financial statements for the year ended 31 December 2021, are unaudited.



Radek Vik (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Watford
28 March 2023

NEATFRAME LIMITED**GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

		2021	2020
	Notes	\$	unaudited \$
Revenue	4	67,871,363	13,766,532
Cost of sales		<u>(38,766,232)</u>	<u>(4,983,752)</u>
Gross profit		29,105,131	8,782,780
Administrative expenses		<u>(31,684,044)</u>	<u>(12,216,311)</u>
Operating loss	5	(2,578,913)	(3,433,531)
Finance income	9	185	1,997
Finance costs	10	-	(1,892)
Loss before taxation		<u>(2,578,728)</u>	<u>(3,433,426)</u>
Income tax income	11	<u>1,565,322</u>	<u>1,985,647</u>
Loss and total comprehensive expense for the year		<u><u>(1,013,406)</u></u>	<u><u>(1,447,779)</u></u>

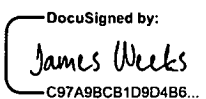
Loss for the financial year is all attributable to the owners of the parent company.

Total comprehensive income / (expense) for the year is all attributable to the owners of the parent company.

NEATFRAME LIMITED**GROUP STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2021**

	Notes	2021 \$	2020 unaudited \$
Non-current assets			
Intangible assets	12	6,375,280	2,498,485
Property, plant and equipment	13	1,821,292	273,565
		<u>8,196,572</u>	<u>2,772,050</u>
Current assets			
Inventories	15	11,928,536	3,040,868
Trade and other receivables	16	21,496,887	7,957,910
Current tax receivable		2,252,684	1,607,656
Cash and cash equivalents		41,889,069	2,442,949
		<u>77,567,176</u>	<u>15,049,383</u>
Current liabilities			
Trade and other payables	19	25,193,114	3,184,720
Provisions	21	1,623,208	-
		<u>26,816,322</u>	<u>3,184,720</u>
Net current assets		<u>50,750,854</u>	<u>11,864,663</u>
Non-current liabilities			
Deferred tax liabilities	20	772,392	1,732
Trade and other payables	19	2,469,732	226,202
Net assets		<u>55,705,302</u>	<u>14,408,779</u>
Equity			
Called up share capital	25	239	224
Share premium account	26	59,743,785	18,754,881
Share-based payment reserve		1,507,820	263,337
Other reserves		32,011	(44,621)
Accumulated losses		(5,578,553)	(4,565,042)
Total equity		<u>55,705,302</u>	<u>14,408,779</u>

The financial statements were approved by the board of directors and authorised for issue on 28 March, 2023 and are signed on its behalf by:

DocuSigned by:

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 Mr J D Weeks
 Director

NEATFRAME LIMITED**GROUP STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Notes	Share capital \$	Share premium account \$	Share-based payment reserve \$	Other reserves \$	Accumulated losses \$	Total \$
Balance at 1 January 2020		210	10,754,895	-	65,931	(3,117,263)	7,703,773
Year ended 31 December 2020:							
Loss and total comprehensive expense for the year		-	-	-	-	(1,447,779)	(1,447,779)
Transactions with owners in their capacity as owners:							
Issue of share capital	25	14	7,999,986	-	-	-	8,000,000
Other reserve movements	27	-	-	-	(110,552)	-	(110,552)
Share option expense	24	-	-	263,337	-	-	263,337
Balance at 31 December 2020		224	18,754,881	263,337	(44,621)	(4,565,042)	14,408,779
Year ended 31 December 2021:							
Loss and total comprehensive expense for the year		-	-	-	-	(1,013,406)	(1,013,406)
Transactions with owners in their capacity as owners:							
Issue of share capital	25	15	40,988,950	-	-	-	40,988,965
Other reserve movements	27	-	(46)	(6,130)	76,632	(105)	70,351
Share option expense	24	-	-	1,250,613	-	-	1,250,613
Balance at 31 December 2021		239	59,743,785	1,507,820	32,011	(5,578,553)	55,705,302

NEATFRAME LIMITED**GROUP STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 31 DECEMBER 2021**

	Notes	2021 \$	2020 unaudited \$
Cash flows from operating activities			
Cash used in operations	32	(2,432,646)	(5,759,334)
Interest credited/(paid)		-	(1,892)
Income taxes refunded		1,690,954	853,676
Net outflow from operating activities		(741,692)	(4,907,550)
Investing activities			
Purchase of intangible assets		(4,668,967)	(2,251,631)
Purchase of property, plant and equipment		(1,812,278)	(277,253)
Interest received		185	1,997
Net cash used in investing activities		(6,481,060)	(2,526,887)
Financing activities			
Proceeds from issue of shares		46,596,965	8,000,000
Net cash generated from financing activities		46,596,965	8,000,000
Net increase in cash and cash equivalents		39,374,213	565,563
Cash and cash equivalents at beginning of year		2,442,949	1,985,620
Effect of foreign exchange rates		71,907	(108,234)
Cash and cash equivalents at end of year		<u>41,889,069</u>	<u>2,442,949</u>

NEATFRAME LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Company information

Neatframe Limited (the 'company') is a private company limited by shares incorporated and domiciled in the United Kingdom. The registered office is Cannon Green, 27 Bush Lane, London, EC4R 0AA. The company's principal activities and nature of its operations are disclosed in the directors' report.

The group consists of Neatframe Limited and all of its subsidiaries.

1.1 Accounting convention

The Group financial statements have been prepared in accordance with the UK-adopted international accounting standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards, except as otherwise stated.

The financial statements are prepared in US Dollars, which is the presentational currency of the group. Monetary amounts in these financial statements are rounded to the nearest \$1. The financial statements have been prepared under the historical cost convention, except for certain financial instruments being held at fair value. The principal accounting policies adopted are set out below.

The Parent company meets the definition of a qualifying entity under FRS 101 Reduced Disclosure Framework. As permitted by FRS 101, the company has taken advantage of the following disclosure exemptions from the requirements of IFRS:

- (a) the requirements of IFRS 7 'Financial Instruments: Disclosure';
- (b) the requirements within IAS 1 relating to the presentation of certain comparative information;
- (c) the requirements of IAS 7 'Statement of Cash Flows' to present a statement of cash flows;
- (d) paragraphs 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but it not yet effective);
- (e) the requirements of IAS 24 'Related Party Disclosures' to disclose related party transactions and balances between two or more members of a group; and
- (f) share based payments disclosures required by IFRS 2.

The prior year financial statements of Neatframe Limited were prepared in accordance with International Financial Reporting Standard (as adopted by the European Union). The group was exempt from preparing group accounts under s399 of the Companies Act. In the current financial year, the entity has elected to prepare the parent company financial statements in accordance with FRS 101. The financial impact of the conversion is summarised in Note 43.

1.2 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company Neatframe Limited together with all entities controlled by the parent company (its subsidiaries). All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Subsidiaries are consolidated in the group's financial statements from the date that control commences until the date that control ceases.

1.3 Going concern

The directors have assessed the Company and Group's financial position for the period of 12 months from the date of signing of these financial statements, to determine if the company has the financial resources to continue as a going concern for the foreseeable future. In assessing whether the going concern basis is appropriate, they have considered the information contained in the financial statements, the latest business plan, cashflow forecasts and liquidity projections. These forecasts have been subject to sensitivity analysis, including preparation of a severe but plausible downside scenario to establish that there is no realistic scenario under which the Company would not be able to meet its liabilities as they fall due. Based on the above, the directors are satisfied that the Company has adequate resources to continue to operate as a going concern for a period of at least 12 months from the date of this report and have prepared the financial statements on that basis

NEATFRAME LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.4 Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The group recognises revenue when it transfers control of a product or service to a customer.

The Group's revenue relates to the design and sale of video conferencing devices for use with Zoom and Microsoft Teams.

The group recognises revenue from the following major sources:

- Hardware
- Licensing

IFRS 15 Revenue from contracts with customers

IFRS 15 establishes a comprehensive '5 step' framework for determining whether, how much and when revenue is recognised. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

Sales of goods

Under IFRS 15, sales are recognised when control of the products has transferred, being when the products are dispatched to the customer, the customer has full discretion of the usage of the projects, and there are no unfulfilled obligations which could affect the customers' acceptance of the products and when the entity has a present right to payment for the asset. Dispatch occurs upon shipment of the products and at this point, the customer takes on the risk of either the loss or damage of the products.

In addition, the group licenses equipment to customers via both a direct ("NaaS") and indirect ("HaaS") model. Performance obligations on this stream of revenue are achieved over time. As such revenue is recognised evenly across the license period.

Warranties

Standard manufacture warranties are offered as part of hardware sales. These warranties are not considered to have separate performance obligations and as such, are recognised as part of the hardware revenue. Extended warranties are also offered to customers at an additional cost. These warranties are recognised in revenue across the period in which the warranties relate to.

1.5 Intangible assets other than goodwill

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

Expenditure on internally developed intangible assets, excluding development costs, is taken to the Consolidated Income Statement in the year in which it is incurred. Internal software development expenditure is recognised as an intangible asset only after its technical feasibility and commercial viability can be demonstrated.

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

Development costs	3 years straight line
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NEATFRAME LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.6 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

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

Fixtures and fittings	2 years straight line
Plant and equipment	2 years straight line
Computers	2 years straight line
R&D Equipment	2 years straight line
Leased Equipment	4 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

1.7 Non-current investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the parent company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.8 Impairment of tangible and intangible assets

At each reporting end date, the group reviews the carrying amounts of its tangible assets 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 in order 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.

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. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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 in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

NEATFRAME LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies **(Continued)**

1.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

1.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.11 Financial assets

Financial assets are recognised in the group's statement of financial position when the group becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

Financial assets held at amortised cost

Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (e.g. trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

Impairment of financial assets

Financial assets carried at amortised cost and FVOCI are assessed for indicators of impairment at each reporting end date.

The expected credit losses associated with these assets are estimated on a forward-looking basis. A broad range of information is considered when assessing credit risk and measuring expected credit losses, including past events, current conditions, and reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

1.12 Financial liabilities

The group recognises financial debt when the group becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

NEATFRAME LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Other financial liabilities

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the group's obligations are discharged, cancelled, or they expire.

1.13 Equity instruments

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

1.14 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

NEATFRAME LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.15 Provisions

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event and it is probable that the group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

1.16 Employee benefits

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

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

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

1.17 Retirement benefits

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

NEATFRAME LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.18 Share-based payments

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted, further details of which are given in note 24 of the Notes to the Consolidated Financial Statements.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (vesting date).

The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether the market condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

1.19 Leases

Payments associated with short-term leases and all leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

2 Adoption of new and revised standards and changes in accounting policies

Standards which are in issue but not yet effective

At the date of authorisation of these financial statements, the following standards and interpretations, which have not yet been applied in these financial statements, were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

IAS 1	'Presentation of Financial Statements': Classification of liabilities as current or non-current
IAS 16	Property, Plant and Equipment: Proceeds before intended use
IAS 37	Onerous Contracts- Cost of Fulfilling a Contract- amendments
IFRS 17 & IFRS 4	'Insurance Contracts' and subsequent withdrawal of 'Insurance Contracts'
IFRS 10 and IAS 28	Sale of contribution of assets between an investor and its Associate or Joint Venture

NEATFRAME LIMITED**NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2021****2 Adoption of new and revised standards and changes in accounting policies (Continued)**

IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
IAS 8	Definition of an Accounting Estimate
IAS 12	Deferred Tax related to Assets and Liabilities arising from a single transaction

The adoption of all above standards is not expected to have any impact on the Group's financial statements.

3 Critical accounting estimates and judgements

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

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

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

Critical judgements**Recognition of deferred tax asset**

The recognition of a deferred tax asset regarding the accumulated tax losses across the group is an area of judgement. Management have assessed whether the group entities are expected to generate sufficient taxable profits in the future in which to offset the accumulated tax losses.

4 Revenue

	2021	2020
	\$	unaudited \$
Revenue analysed by class of business		
Hardware Sales	67,030,045	13,687,404
Services Sales	841,318	79,128
	<u>67,871,363</u>	<u>13,766,532</u>
	2021	2020
	\$	unaudited \$
Revenue analysed by geographical market		
United Kingdom	4,072,282	963,657
Europe	4,750,995	1,376,653
Rest of the World	59,048,086	11,426,222
	<u>67,871,363</u>	<u>13,766,532</u>

NEATFRAME LIMITED**NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021****4 Revenue (Continued)**

There is no customer which accounts for more than 10% of revenue in the current financial year (2020 - none).

Revenue can be further broken down as follows:

Hardware (recognised point in time) - \$66,923,870 (2020 - \$13,687,404)
 Hardware sold under license (recognised over time) - \$841,318 (2020 - \$79,128)
 Warranties (extended) (recognised over time) - \$106,175 (2020 - \$nil)

5 Operating loss

	2021	2020 unaudited
	\$	\$
Operating loss for the year is stated after charging/(crediting):		
Exchange losses/(gains)	150,707	(124,496)
Research and development costs	5,201,396	3,851,155
Fees payable to the company's auditors for the audit of the company's financial statements	193,977	-
Depreciation of property, plant and equipment	262,991	62,098
Amortisation of intangible assets (included within administrative expenses)	1,448,172	643,053
Cost of inventories recognised as an expense	38,439,025	4,824,462
Other cost of sales	224,987	153,589
Share-based payments	1,250,613	263,337
	<u> </u>	<u> </u>

6 Auditors' remuneration

	2021	2020 unaudited
	\$	\$
Fees payable to the company's auditors and associates:		
For audit services		
Audit of the financial statements of the group and company	185,811	-
Audit of the financial statements of the company's subsidiaries	8,166	-
Non-audit tax advisory services	43,530	-
	<u> </u>	<u> </u>
	<u>237,507</u>	<u> </u>

NEATFRAME LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

7 Employees

The average monthly number of persons (including directors) employed by the group during the year was:

	2021 Number	2020 unaudited Number
Administration	5	2
R&D	40	23
Support	4	1
Sales	46	13
Operations	9	3
Marketing	8	2
Total	<u>112</u>	<u>44</u>

Their aggregate remuneration comprised:

	2021 \$	2020 unaudited \$
Wages and salaries	12,345,846	4,446,352
Share-based payments	1,250,613	263,337
Social security costs	1,437,045	486,945
Pension costs	88,557	33,376
Commission charges	3,998,212	900,914
	<u>19,120,273</u>	<u>6,130,924</u>

8 Directors' remuneration

The Directors of the Group do not receive any Directors remuneration nor any benefits in kind.

9 Finance income

	2021 \$	2020 unaudited \$
Interest income		
Financial instruments measured at amortised cost:		
Bank deposits	<u>185</u>	<u>1,997</u>

10 Finance costs

	2021 \$	2020 unaudited \$
Interest on bank overdrafts and loans	<u>-</u>	<u>1,892</u>

NEATFRAME LIMITED**NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)**
FOR THE YEAR ENDED 31 DECEMBER 2021

11 Income tax (expense)/ income	2021	2020 unaudited
	\$	\$
Current tax		
UK corporation tax on profits for the current period	(2,383,869)	(1,619,465)
Adjustments in respect of prior periods	(94,617)	(384,807)
	<u>(2,478,486)</u>	<u>(2,004,272)</u>
Total UK current tax	(2,478,486)	(2,004,272)
Foreign taxes and reliefs	142,451	17,121
	<u>(2,336,035)</u>	<u>(1,987,151)</u>
Deferred tax		
Origination and reversal of temporary differences	554,559	1,504
Changes in tax rates	115,834	-
Adjustment in respect of prior periods	100,320	-
	<u>770,713</u>	<u>1,504</u>
Total tax (credit)	<u>(1,565,322)</u>	<u>(1,985,647)</u>

NEATFRAME LIMITED**NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021****11 Income tax (expense)/ income (Continued)**

The charge/(credit) for the year can be reconciled to the loss per the group statement of comprehensive income as follows:

	2021	2020 unaudited
	\$	\$
Loss before taxation	(2,578,728)	(3,433,426)
Expected tax credit based on a corporation tax rate of 19.00% (2020 unaudited: 19.00%)	(489,958)	(652,351)
Effect of expenses not deductible in determining taxable profit	93,948	(213,595)
Income not taxable	(6,405)	(14,645)
Adjustment in respect of prior years	16,731	(385,214)
Research and development tax credit	(1,361,805)	(722,347)
Effect of overseas tax rates	66,333	2,505
Tax rate changes	115,834	-
Taxation credit for the year	(1,565,322)	(1,985,647)
Tax charged/(credited) in the financial statements	(1,565,322)	(1,985,647)

The UK corporation tax rate was 19% throughout the year.

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25%. This rate was substantively enacted on 24 May 2021 and the calculation of UK deferred tax balances reflect the new 25% tax rate where the balances are expected to unwind after 1 April 2023 and at 19% where the balance will unwind before 1 April 2023.

All deferred tax balances at the reporting date are based on local rates (US: 21% federal + 5% state, Norway: 22% and Australia: 30%). 2020 - (US: 21% federal + 5% state, Norway 22% and Australia 30%).

NEATFRAME LIMITED**NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021****12 Intangible assets**

	Development costs \$
Cost	
At 1 January 2020	889,907
Additions	2,251,631
	<hr/>
At 31 December 2020	3,141,538
Additions	5,324,967
	<hr/>
At 31 December 2021	8,466,505
	<hr/>
Accumulated amortisation	
At 1 January 2020	-
Charge for the year	643,053
	<hr/>
At 31 December 2020	643,053
Charge for the year	1,448,172
	<hr/>
At 31 December 2021	2,091,225
	<hr/>
Carrying amount	
At 31 December 2021	6,375,280
	<hr/> <hr/>
At 31 December 2020 (unaudited)	2,498,485
	<hr/> <hr/>

Intangible assets relate to R&D projects. The development costs are amortised across three years which is considered to be the useful economic life. The amortisation charge for the year is included in Administrative expenses. Amortisation is only charged once the asset is available for use.

NEATFRAME LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

13 Property, plant and equipment

	Plant and equipment	Fixtures and fittings	Computers	R&D Equipment	Leased Equipment	Total
	\$	\$	\$	\$	\$	\$
Cost						
At 1 January 2020	-	27,427	46,551	4,296	-	78,274
Additions	-	16,883	85,615	44,741	130,014	277,253
Foreign currency adjustments	-	767	968	-	-	1,735
At 31 December 2020	-	45,077	133,134	49,037	130,014	357,262
Additions	441,120	301,918	309,743	25,168	734,329	1,812,278
Foreign currency adjustments	-	(1,390)	(2,358)	(1,231)	-	(4,979)
At 31 December 2021	441,120	345,605	440,519	72,974	864,343	2,164,561
Accumulated depreciation						
At 1 January 2020	-	7,690	9,299	560	-	17,549
Charge for the year	-	13,180	35,510	7,707	5,701	62,098
Foreign currency adjustments	-	1,525	2,081	444	-	4,050
At 31 December 2020	-	22,395	46,890	8,711	5,701	83,697
Charge for the year	-	26,351	105,008	29,412	102,220	262,991
Foreign currency adjustments	-	(764)	(1,802)	(826)	(27)	(3,419)
At 31 December 2021	-	47,982	150,096	37,297	107,894	343,269
Carrying amount						
At 31 December 2021	441,120	297,623	290,423	35,677	756,449	1,821,292
At 31 December 2020 (unaudited)	-	22,682	86,244	40,326	124,313	273,565

NEATFRAME LIMITED**NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021****14 Subsidiaries**

Details of the company's subsidiaries at 31 December 2021 are as follows:

Name of undertaking	Address	Principal activities	Class of shares held	% Held Direct
Neatframe AS	Norway (1)	Research and Development service provider	Ordinary	100.00
Neatframe Inc	USA (2)	Sales and Marketing of collaboration hardware and software	Ordinary	100.00
Neatframe Australia Pty	Australia (3)	Sales and Marketing of collaboration hardware and software	Ordinary	100.00
Neatframe KK	Japan (4)	Sales and Marketing of collaboration hardware and software	Ordinary	100.00

Registered office addresses:

- 1 Martin Linges vei 25, 1364 Fornebu, Norway
- 2 100 Park Ave 16th Fl, New York, NY 10017, United States
- 3 Level 10, 530 Collins St, Melbourne, VIC 3000, Australia
- 4 1-7-1 Kaigan, Minato-ku, Tokyo 105-0022, Japan

15 Inventories

	2021	2020 unaudited
	\$	\$
Demo stock	131,058	135,162
Finished goods	10,894,897	2,905,706
Raw materials	902,581	-
	<u>11,928,536</u>	<u>3,040,868</u>

There is an inventory provision recognised of \$187,082 (2020: \$nil). This balance is included in the total stock at the year end.

NEATFRAME LIMITED**NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021****16 Trade and other receivables**

	2021	2020
	\$	unaudited
		\$
Trade receivables	20,838,983	1,890,318
Provision for bad and doubtful debts	(215,225)	-
	<u>20,623,758</u>	<u>1,890,318</u>
VAT recoverable	-	83,435
Other receivables	179,072	5,794,331
Prepayments	694,057	189,826
	<u>21,496,887</u>	<u>7,957,910</u>

17 Trade receivables - credit risk**Expected credit loss assessment**

	Balance	Loss allowance
	\$	\$
Trade receivables		
2021		
Current	14,776,034	23,413
0 to 30 days	4,021,623	28,679
30 to 60 days	1,620,182	110,297
60 to 90 days	79,159	35,832
More than 90 days	341,985	17,004
	<u>20,838,983</u>	<u>215,225</u>

No significant receivable balances are impaired at the reporting end date.

Movement in the allowances for doubtful debts

	2021	2020
	\$	unaudited
		\$
Additional allowance recognised	215,225	-
Balance at 31 December 2021	<u>215,225</u>	<u>-</u>

NEATFRAME LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

18 Market risk

Foreign exchange risk

The carrying amounts of the group's foreign currency denominated monetary assets and liabilities (excluding payroll taxes payable) at the reporting date are as follows:

	Assets 2021	2020 unaudited	Liabilities 2021	2020 unaudited
	\$	\$	\$	\$
Pound Sterling	1,037,687	827,341	125,287	100,334
Euros	74,588	24,558	7,215	2,547
Australian Dollar	312,364	52,025	10,977	1,801
Norwegian Krone	263,226	579,562	174,074	379,205
Japanese Yen	31,881	-	40,794	-
	<u>1,719,746</u>	<u>1,483,486</u>	<u>358,347</u>	<u>483,887</u>

Many of the group revenues and costs originate and are denominated in foreign currencies and therefore the group carries an inherent risk in reported profits given that its presentational currency is US Dollars.

The group actively seeks to manage a natural hedge to its foreign exchange exposure by maintaining bank accounts in different currencies. Customers in general pay their invoices to the respective accounts in their currency. Local costs in the respective currency can then be settled with those payments.

This reduces the group's exposure to losses being materialised through adverse foreign exchange movements. The group's revenues and costs are not subject to formal hedge accounting and therefore retain inherent risk from currency fluctuations.

If all exchange rates were to weaken by 5%, this would result in a decrease in assets of \$86k and if all exchange rates were to strengthen by 5%, this would result in an increase in liabilities of \$18k.

Credit risk

Primary exposure to credit risk arises from the potential for non-payment from customers. The Group works with established distributors and partners in each territory. All new customers are credit checked. Receivables are carefully monitored and accounts are put under temporary credit hold in case of overdue payments to minimise the risk of non-payment.

Liquidity risk

The group generates cash through its operations and aims to manage liquidity by ensuring it will always have sufficient financing facilities to meet its liabilities when due under both normal and stress conditions. Cash flow is carefully monitored on a daily basis to ensure any liquidity risk is minimised and cash balances are maintained at a level to meet both short and long term obligations.

NEATFRAME LIMITED**NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021****19 Trade and other payables**

	2021	2020 unaudited
	\$	\$
Trade payables	16,461,940	1,975,439
Accruals and deferred revenue	8,469,217	1,021,778
Social security and other taxation	1,064,776	293,245
Other payables	1,666,913	120,460
	<u>27,662,846</u>	<u>3,410,922</u>

Additional deferred revenue details are provided in the note 22.

20 Deferred tax liabilities

The following are the major deferred tax liabilities and assets recognised by the group and movements thereon during the current and prior reporting period.

	Intangible assets	Tax losses	Other short- term timing differences	Total
	\$	\$	\$	\$
Balance at 1 January 2020	-	-	-	-
Deferred tax movements in prior year				
Charge/(credit) to profit or loss	-	-	1,732	1,732
Liability at 1 January 2021	-	-	1,732	1,732
Deferred tax movements in current year				
Charge/(credit) to profit or loss	1,066,941	(399,044)	102,763	770,660
Liability at 31 December 2021	<u>1,066,941</u>	<u>(399,044)</u>	<u>104,495</u>	<u>772,392</u>

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25%. This rate was substantively enacted on 24 May 2021 and the calculation of UK deferred tax balances reflect the new 25% tax rate where the balances are expected to unwind after 1 April 2023 and at 19% where the balance will unwind before 1 April 2023.

NEATFRAME LIMITED**NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021****21 Provisions**

	2021	2020 unaudited
	\$	\$
Legal cost provision	725,000	-
Warranty provision	898,208	-
	<u>1,623,208</u>	<u>-</u>

All provisions are expected to be settled within 12 months from the reporting date.

Movements on provisions:	Legal cost provision	Warranty provision	Total
	\$	\$	\$
Additional provisions in the year and balance as at 31 December 2021	<u>725,000</u>	<u>898,208</u>	<u>1,623,208</u>

22 Deferred revenue

	2021	2020 unaudited
	\$	\$
Arising from extended warranty provision	<u>2,992,646</u>	<u>328,669</u>

Deferred revenues are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2021	2020 unaudited
	\$	\$
Current	522,914	102,467
Non-current	2,469,732	226,202
	<u>2,992,646</u>	<u>328,669</u>

NEATFRAME LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

22 Deferred revenue	(Continued)	
	2021	2020 unaudited
	\$	\$
Balance at the start of period	328,669	-
Additions	2,766,444	328,669
Income recognised in the period	(102,467)	-
	<u>2,992,646</u>	<u>328,669</u>
23 Retirement benefit schemes	2021	2020 unaudited
	\$	\$
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>88,557</u>	<u>33,376</u>

The group operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

24 Group settled share-based payments	Number of options and restricted shares		Average exercise price	
	2021	2020 unaudited	2021	2020 unaudited
			\$	\$
Outstanding at 1 January	1,459,875	492,500	0.08	-
Granted in the period	980,072	967,375	7.38	0.12
Expired in the period	(37,000)	-	-	-
	<u>2,402,947</u>	<u>1,459,875</u>	<u>3.06</u>	<u>0.08</u>
Outstanding at 31 December				
Exercisable at 31 December	<u>697,195</u>	<u>203,438</u>	<u>0.05</u>	<u>-</u>

Options granted during the year

Share options granted in the year are set out below. Fair value was measured using the Black-Scholes model.

NEATFRAME LIMITED**NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021****24 Group settled share-based payments (Continued)**

	2021	2020 unaudited
Grant date	1 October 2021	1 October 2020
Weighted average fair value	\$2.15	\$1.22
Inputs for model:		
- Weighted average share price	\$7.33	\$2.90
- Weighted average exercise price	\$8.95	\$2.86
- Expected volatility	31% - 32%	40%
- Expected life	7 years	7 years
- Risk free rate	1.23% - 1.72%	0.68%
- Expected dividends yields	-	-
Expenses	2021	2020
	\$	unaudited
	\$	\$
Related to equity settled share based payments	1,250,613	263,337
	<u> </u>	<u> </u>

Of the \$1,250,613 in share based payments expenses above, \$1,235,363 relates to restricted shares and \$15,250 relates to share options.

Restricted shares

Several tranches of restricted shares have been issued during the prior and current year. In total 1,554,875 restricted shares are in existence by the year end. These have been valued at their fair value as at grant date using information available following fundraising rounds and also using valuations of the group based on a discounted cash flow valuation basis. The fair value of these shares at grant date ranges between \$2.89 and \$8.21.

NEATFRAME LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

25 Called up share capital

	2021	2020 unaudited	2021	2020 unaudited
	Number	Number	\$	\$
Ordinary share capital				
Authorised				
Ordinary Class A of \$0.00001 each	18,143,011	16,465,591	181	165
Ordinary Class B of \$0.00001 each	6,900,000	5,900,000	69	59
	<u>25,043,011</u>	<u>22,365,591</u>	<u>-</u>	<u>-</u>
Issued and fully paid				
Ordinary Class A of \$0.00001 each	17,993,907	16,465,591	180	165
Ordinary Class B of \$0.00001 each	5,900,000	5,900,000	59	59
	<u>23,893,907</u>	<u>22,365,591</u>	<u>239</u>	<u>224</u>

The company's share capital consists of two classes of shares: A and B ordinary shares. Both share classes are entitled to dividend, return of capital, information and pre-emption rights. A shares have voting rights, B shares have no voting rights.

During the year, 1,528,316 ordinary A shares were issued, with nominal value of \$0.00001 each, at a price of \$26.82. This has resulted in \$40,988,950 being recognised in share premium.

During the prior year, 1,397,849 ordinary A shares were issued, with nominal value of \$0.00001 each, at a price of \$5.72. This has resulted in \$7,999,986 being recognised in share premium.

Reconciliation of movements during the year:

	Number	Number
At 1 January 2021	16,465,591	5,900,000
Issue of fully paid shares	1,528,316	-
At 31 December 2021	<u>17,993,907</u>	<u>5,900,000</u>

26 Share premium account

	2021	2020 unaudited
	\$	\$
At the beginning of the year	18,754,881	10,754,895
Issue of new shares	40,988,950	7,999,986
Other movements	(46)	-
At the end of the year	<u>59,743,785</u>	<u>18,754,881</u>

NEATFRAME LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

27 Other reserves

Other reserves relates to foreign exchange gains and losses upon consolidation.

28 Capital risk management

The group is not subject to any externally imposed capital requirements.

The group's objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that they can provide returns for shareholders and benefits for other stakeholders; and
- maintain an optimal capital structure to reduce the cost of capital.

The group has not paid any dividends throughout the current and comparative period.

29 Events after the reporting date

Neatframe Limited has secured a \$15 million loan facility agreement with Ubon Partners, its ultimate controlling party, in September 2022. Interest shall compound at a rate of 8.0% per year payable at maturity of the loan. The principal of the Loan will automatically convert into the most senior class of equity on the next funding round, IPO or change in control at a 20% conversion discount.

30 Related party transactions

Remuneration of key management personnel

No Directors remuneration has been paid during the period as per note 8.

	2021	2020 unaudited
	\$	\$
Short-term employee benefits	124,805	128,777
	<u>124,805</u>	<u>128,777</u>

In addition to the above, during the year the Company issued shares in the amount of \$40,988,965 (2020: \$8,000,000). Cash received relating to shares issues amounted to \$46,596,965 (2020: \$8,000,000).

31 Controlling party

Ubon Partners Holdings AS, a company incorporated in Norway, is considered the ultimate controlling party as at the year end and as at 31 December 2020.

NEATFRAME LIMITED**NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021****32 Cash generated from/(used in) operations**

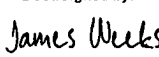
	2021	2020
	\$	unaudited
		\$
Loss for the year before income tax	(2,578,728)	(3,433,426)
Adjustments for:		
Finance costs (credited)/charged	-	1,892
Investment income	(185)	(1,997)
Amortisation of intangible assets	1,448,172	643,053
Depreciation of property, plant and equipment	262,991	62,098
Equity settled share based payment expense	1,250,613	263,337
Movements in working capital:		
Increase in inventories	(8,887,668)	(3,040,869)
Increase in trade and other receivables	(19,146,977)	(3,201,134)
Increase in trade and other payables	25,219,136	2,947,712
Cash generated from/(used in) operations	<u>(2,432,646)</u>	<u>(5,759,334)</u>

NEATFRAME LIMITED**COMPANY STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2021**

	Notes	2021		2020 Restated, unaudited	
		\$	\$	\$	\$
Non-current assets					
Intangible assets	33		6,375,280		2,498,485
Property, plant and equipment	34		582,265		29,400
Investments	35		42,637		3,545
			7,000,182		2,531,430
Current assets					
Inventories	36	7,534,465		1,348,198	
Trade and other receivables	37	14,168,474		9,956,245	
Cash and cash equivalents		34,247,201		2,083,767	
		55,950,140		13,388,210	
Current liabilities					
Trade and other payables	38	(6,867,733)		(1,852,855)	
Other provisions	40	(952,559)		-	
Net current assets			48,129,848		11,535,355
Total assets less current liabilities			55,130,030		14,066,785
Non-current liabilities					
Deferred tax liabilities	39		667,244		-
Trade and other payables	38		595,166		94,593
Net assets			53,867,620		13,972,192
Equity					
Called up share capital	42		239		224
Share premium account			59,743,785		18,754,881
Other reserves			310,716		32,038
Accumulated losses			(6,187,120)		(4,814,951)
			53,867,620		13,972,192
Total equity			53,867,620		13,972,192

As permitted by s408 Companies Act 2006, the company has not presented its own income statement and related notes. The company has reported a loss after taxation for the financial year of \$1,372,214 (2020: \$1,729,985 loss after restatement).

The financial statements were approved by the board of directors and authorised for issue on March 28, 2023 and are signed on its behalf by:

DocuSigned by:

C97A9BCB1D9D486.....
 Mr J D Weeks
 Director

Company Registration No. 11802958

NEATFRAME LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Share capital \$	Share premium account \$	Share-based payment reserve \$	Accumulate d losses \$	Total \$
As restated for the period ended 31 December 2020: (as originally presented)						
Balance at 1 January 2020		210	10,754,895	-	(3,974,872)	6,780,233
Effect of restatements	43	-	-	-	889,906	889,906
Balance at 1 January 2020 (as restated)		210	10,754,895	-	(3,084,966)	7,670,139
Year ended 31 December 2020:						
Loss and total comprehensive expense for the year (as originally presented)		-	-	-	(2,717,400)	(2,717,400)
Effect of restatements	43	-	-	-	987,415	987,415
Transactions with owners in their capacity as owners:						
Issue of share capital	42	14	7,999,986	-	-	8,000,000
Other movements (as restated)		-	-	32,038	-	32,038
Balance at 31 December 2020 (as restated) unaudited		224	18,754,881	32,038	(4,814,951)	13,972,192
Year ended 31 December 2021:						
Loss and total comprehensive income for the year		-	-	-	(1,372,214)	(1,372,214)
Transactions with owners in their capacity as owners:						
Issue of share capital	42	15	40,988,950	-	-	40,988,965
Other movements		-	(46)	278,678	45	278,677
Balance at 31 December 2021		239	59,743,785	310,716	(6,187,120)	53,867,620

As the Company is included in the consolidated financial statements, made up to 31 December each year, it is not required to present a separate profit and loss accounting as permitted by Section 408(3) of the Companies Act 2006, as such the Profit and Loss Account of Neatframe Limited is not present as part of these accounts. The Company has reported a loss after taxation for the financial year of \$1,372,214 (2020: \$1,729,985).

	2021 \$	2020 unaudited \$
Wages and salaries	3,638,925	1,255,008
Social security costs	340,711	94,295
Pension costs	22,380	5,939
	<u>4,002,016</u>	<u>1,355,242</u>
	2021 Number	2020 Number
Monthly average number of employees	<u>19</u>	<u>5</u>

NEATFRAME LIMITED**NOTES TO THE COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

33 Intangible assets	
Company	Development costs
	\$
Cost	
At 1 January 2020 (restated)	889,906
Additions (restated)	2,251,631
	<hr/>
At 31 December 2020 (restated)	3,141,537
Additions	5,324,967
	<hr/>
At 31 December 2021	8,466,504
	<hr/>
Amortisation	
At 1 January 2020 (restated)	-
Charge for the year (restated)	643,053
	<hr/>
At 31 December 2020 (restated)	643,053
Charge for the year	1,448,172
	<hr/>
At 31 December 2021	2,091,225
	<hr/>
Carrying amount	
At 31 December 2021	6,375,280
	<hr/> <hr/>
At 31 December 2020 (restated) - unaudited	2,498,485
	<hr/> <hr/>

NEATFRAME LIMITED**NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

34 Property, plant and equipment Company	Plant and equipment	Computers	R&D Equipment	Leased Equipment	Total
	\$	\$	\$	\$	\$
Cost					
At 1 January 2021	-	21,037	9,100	8,515	38,652
Additions	441,120	65,599	1,331	73,608	581,658
At 31 December 2021	441,120	86,636	10,431	82,123	620,310
Accumulated depreciation					
At 1 January 2021	-	6,299	2,865	88	9,252
Charge for the year	-	16,387	4,585	7,821	28,793
At 31 December 2021	-	22,686	7,450	7,909	38,045
Carrying amount					
At 31 December 2021	441,120	63,950	2,981	74,214	582,265
At 31 December 2020 - unaudited	-	14,738	6,235	8,427	29,400

35 Investments Company	Non-current 2021	2020 unaudited
	\$	\$
Investments in subsidiaries	42,637	3,545

Fair value of financial assets carried at amortised cost

Except as detailed below the directors believe that the carrying amounts of financial assets carried at amortised cost in the financial statements approximate to their fair values.

Investment in subsidiary undertakings

Details of the company's principal operating subsidiaries are included in note 14.

NEATFRAME LIMITED**NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021****35 Investments (Continued)****Movements in non-current investments**

	Shares in subsidiaries \$
Cost or valuation	
At 1 January 2021	3,545
Additions	39,092
At 31 December 2021	<u>42,637</u>
Carrying amount	
At 31 December 2021	<u>42,637</u>
At 31 December 2020 - unaudited	<u>3,545</u>

During the year, an amount of JPY 4,500,000 (translated to \$39,092) was paid on the incorporation of Neatframe Japan, a wholly owned subsidiary.

36 Inventories	2021	2020
Company	\$	unaudited \$
Demo stock	31,807	73,146
Finished goods	6,600,077	1,275,052
Raw materials	902,581	-
	<u>7,534,465</u>	<u>1,348,198</u>

There is an inventory provision recognised of \$140,533 (2020: \$nil). This balance is included in the total stock at the year end.

NEATFRAME LIMITED**NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2021****37 Trade and other receivables
Company**

	2021	2020 unaudited Restated
	\$	\$
Trade receivables	4,171,075	678,630
Provision for bad and doubtful debts	(101,841)	-
	<u>4,069,234</u>	<u>678,630</u>
Corporation tax receivable	2,383,869	1,619,465
VAT receivable	-	49,560
Amounts owed by subsidiary undertakings	7,361,165	1,721,385
Other receivables	165,400	5,774,205
Prepayments	188,806	113,000
	<u><u>14,168,474</u></u>	<u><u>9,956,245</u></u>

Amounts owed by subsidiary undertakings are unsecured, carry no interest charges and are repayable upon demand.

**38 Trade and other payables
Company**

	2021	2020 unaudited Restated
	\$	\$
Trade payables	4,866,845	664,996
Amounts owed to subsidiary undertakings	782,930	825,064
Accruals and deferred income	1,308,021	272,040
Social security and other taxation	505,103	140,717
Other payables	-	44,631
	<u><u>7,462,899</u></u>	<u><u>1,947,448</u></u>

Amounts owed to subsidiary undertakings are unsecured, carry no interest charges and are repayable upon demand (Neatframe AS: \$752,093; Neatframe Japan: \$30,837). Accruals and deferred income include deferred income of \$730,503 (2020: \$112,234) of which \$595,166 (2020: \$94,593) is non-current.

39 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

NEATFRAME LIMITED**NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021****39 Deferred taxation (Continued)**

	Intangible assets	Tax losses	Total
	\$	\$	\$
Liability at 1 January 2020 and 1 January 2021	-	-	-
Deferred tax movements in current year			
Charge/(credit) to profit or loss	1,066,288	(399,044)	667,244
Liability at 31 December 2021	<u>1,066,288</u>	<u>(399,044)</u>	<u>667,244</u>

40 Provisions Company	2021	2020 unaudited
	\$	\$
Legal cost provision	725,000	-
Warranty provision	227,559	-
	<u>952,559</u>	<u>-</u>

All provisions are expected to be settled within 12 months from the reporting date.

Movements on provisions:	Legal costs provision	Warranty provision	Total
	\$	\$	\$
Additional provisions in the year and balance as at 31 December 2021	<u>725,000</u>	<u>227,559</u>	<u>952,559</u>

41 Share-based payments

The company information for share-based payments is the same as the group information and is shown in note 24.

The share based payment expense in relation to employees contractually employed by Neatframe Limited amounts to \$278,678 (2020 - \$32,038).

**42 Called up share capital
Company**

Refer to note 25 of the group financial statements.

NEATFRAME LIMITED**NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2021****43 Prior period adjustment
Company****Changes to the statement of financial position**

	Note(s)	At 1 January 2020 (unaudited)			At 31 December 2020 (unaudited)		
		Previously reported	Adjustment	As restated	Previously reported	Adjustment	As restated
		\$	\$	\$	\$	\$	\$
Non-current assets							
Other intangibles	(1)	-	889,906	889,906	-	2,498,485	2,498,485
Current assets							
Current trade and other receivables		5,200,939	-	5,200,939	10,435,673	(479,428)	9,956,245
Current liabilities							
Other payables		(322,119)	-	(322,119)	(1,837,750)	2,536	(1,835,214)
Deferred income	(2)	-	-	-	-	(112,234)	(112,234)
Net assets		6,780,233	889,906	7,670,139	12,062,833	1,909,359	13,972,192
Capital and reserves							
Other reserves	(3)	-	-	-	-	32,038	32,038
Accumulated losses	(1-5)	(3,974,872)	889,906	(3,084,966)	(6,692,272)	1,877,321	(4,814,951)
Total equity		<u>6,780,233</u>	<u>889,906</u>	<u>7,670,139</u>	<u>12,062,833</u>	<u>1,909,359</u>	<u>13,972,192</u>

Changes to the income statement

		Period ended 31 December 2020 (unaudited)		
		Previously reported	Adjustment	As restated
		\$	\$	\$
Revenue	(2,4)	6,423,867	(591,663)	5,832,204
Cost of sales	(6)	(2,051,094)	625,460	(1,425,634)
Administrative expenses	(1,3,5,6)	(9,258,965)	1,118,835	(8,140,130)
Finance income		174,309	(172,347)	1,962
Finance costs		(9,790)	7,130	(2,660)
Loss for the financial period		<u>(2,717,400)</u>	<u>987,415</u>	<u>(1,729,985)</u>

NEATFRAME LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

43 Prior period adjustment (continued)

Notes to reconciliation

(1) Reclassification and recognition of intangible assets

In the comparative year, development costs were not capitalised on the assumption that projects did not fulfil IAS 38 recognition criteria. This has been revisited and it is considered to be an omission in the comparative year.

(2) Warranty provision

During the year the warranty revenue has been reviewed in accordance with IFRS 15 revenue recognition criteria. As a result, an adjustment has been recognised in the comparative period to correct the warranty revenue recognized.

(3) Share based payments

There was a share based payment scheme incepted in the 2020 financial year, however it was omitted from Neatframe UK Limited's financial statements.

(4) Transfer Pricing

Intercompany recharges between Neatframe Limited and its subsidiaries have been corrected after restatements.

(5) Commission Accrual

Part of the December 2021 commission accrual has been reclassified to Neatframe Inc.

(6) Cost of sales reclassification

Commissions and an element of logistic costs have been reclassified to administrative costs.