

8 November 2024

CyanConnode Holdings plc
("CyanConnode" or the "Company")

Interim results for the six months ended 30 September 2024 (H1 FY 2025)

CyanConnode (AIM: CYAN), a world leader in narrowband radio frequency (RF) mesh networks, announces its unaudited interim results for the six months ended 30 September 2024 (H1 FY 2025).

John Cronin, Executive Chairman, commented:

"The Indian smart metering market continues to gain momentum, with sanctioned tenders exceeding 200 million smart meters. Of this total, contracts for approximately 132 million smart meters have already been awarded to prime bidders, underscoring the Government of India's commitment to install 250 million smart prepayment meters under the Revamped Distribution Sector Scheme (RDSS).

CyanConnode's order book has demonstrated strong growth, more than doubling during this period from 6.3 million units at the start of the year to 13.1 million units. Our current backlog stands at 9.7 million units yet to be deployed, having increased substantially from 3.5 million units at the end of March 2024, with a significant portion of this expected for delivery in the second half of FY 2025. Historically, our revenue recognition is heavily weighted toward the final quarter of our financial year, as order completions and deployments often peak near year-end. We expect this seasonal trend to continue, with a substantial proportion of this year's revenue materialising in Q4.

Given this pattern, we remain confident in meeting market expectations for FY 2025.

Our business outside of India is also progressing well. Since the end of September 2024, we have secured a follow-on order for the Middle East and North Africa (MENA) region, valued at over \$1 million. This order is expected to be fulfilled within the current financial year, further supporting our revenue forecasts and expanding our international footprint."

Financial Highlights

Full year revenue expectation unchanged, with the following highlights for H1 FY 2025

- Revenue of £5.6m (H1 FY 2024: £5.8m)
- Increase of 9% in software and services revenue as a percentage of total revenue from 11% in H1 FY 2024 to 20% in H1 FY 2025
- Gross profit of £2.3m (H1 FY 2024: £1.8m), driven by an improvement in Gross Margin percentage of 10% from 31% in H1 FY 2024 to 41% in H1 FY 2025. This is partly as a result of a new version of gateway being sold, which does not use end-of-life components, and partly as a result of the increased software and services revenue as a proportion of total revenue
- Operating loss of £2.1m (H1 FY 2024 loss: £2.2m)
- Cash received from customers of £7.3m (H1 FY 2024: £7.4m)
- Cash and cash equivalents at end of period £3.7m (FY 2024: £0.9m)
- Completion of oversubscribed placing and subscription to raise £5.4 million (before expenses) at a premium to prevailing share price

Operational Highlights

- Major new contract won in India for 6.5 million Omnimesh RF Modules and associated products, doubling order book to 13.1 million units
- 265,000 Omnimesh RF Modules and associated products ordered from a subsidiary of IntelliSmart Infrastructure Private Limited
- CyanConnode India's subsidiary, DigiSmart Networks Private Ltd successfully empanelled as an Advanced Metering Infrastructure Service Provider ("AMISP") for both RF and cellular, making it eligible to bid for smart metering contracts under the Revamped Distribution Sector Scheme (RDSS)
- Setup of subsidiary in United Arab Emirates to promote business in the Middle East and North Africa (MENA) region
- Changes to the organisation to strengthen leadership in India and streamline global operations by having all engineering and operations reporting into the MD CEO of India

- Key milestones such as Site Acceptance Tests (SATs) and project go-lives achieved across several key projects
- Successful deployment of over two million nodes, making CyanConnode the first and only smart metering communications player in India to reach this milestone
- Prestigious SKOCH Gold Award won by Tamil Nadu Generation and Distribution Corporation Limited ("Tangedco") for its smart metering project powered by CyanConnode's communication network
- CyanConnode named a 2024 WIRED Trailblazer

Post-Period Highlights

- Follow-on order with a value in excess of \$1 million won, for cellular gateways in the Middle East and North Africa (MENA) region
- Cash received from customers since the period end of £1.4m taking cash received for the financial year to date to £8.7m
- Current market share of all installed smart metering base in India of approximately 14% and 42% of all RF deployments
- Win ratio of 25% in terms of volumes for RDSS tenders in India
- Indian smart metering market continues to gather momentum - current tenders for more than 220 million Smart Meters have been sanctioned to the end of October 2024, with 132 million being awarded to prime bidders, typically Advanced Metering Infrastructure Service Providers (AMISPs)
- Revenue for the financial year ending 31 March 2025 is forecast to meet market expectations

Enquiries:

CyanConnode Holdings plc
John Cronin, Executive Chairman

Tel: +44 (0) 1223 865 750
www.cyanconnode.com

Strand Hanson Limited (Nominated and Financial Adviser)
James Harris, Richard Johnson, David Asquith

Tel: +44 (0) 20 7409 3494

Zeus Capital Limited (Joint Broker)
Simon Johnson, Louisa Waddell

Tel: +44 (0) 20 3829 5000

Panmure Liberum (Joint Broker)
Rupert Dearden, James Sinclair-Ford

Tel: +44 (0) 20 7886 2500

About CyanConnode

CyanConnode (AIM:CYAN.L) is a world leader in Narrowband Radio Frequency (RF) Smart Mesh Networks, which are used for machine to machine (M2M) communication. As well as being self-forming and self-healing, CyanConnode's RF Smart Mesh Networks are designed for rapid deployment, whilst giving exceptional performance and competitive total cost of ownership.

In June 2018, CyanConnode launched its award-winning Omnimesh Advanced Metering Infrastructure (AMI) platform, which has already gained considerable commercial traction, especially in India which is a key market for the Company.

Through a Global partner eco-system, which is vendor agnostic, CyanConnode has several routes to market, therefore it is well positioned to capitalise upon increasing Global demand for smart metering solutions.

For more information, please visit www.cyanconnode.com.

Chairman's Statement

Financial review

Key figures

	H1 FY 2025 £'000	H1 FY 2024 £'000	% Change
Revenue	5,629	5,775	- 3%
Gross profit	2,336	1,810	+ 29%
Operating costs*	(4,424)	(3,987)	+ 11%
Operating loss	(2,088)	(2,177)	- 4%
EBITDA	(1,901)	(2,008)	- 5%
Adjusted EBITDA	(1,597)	(1,916)	- 17%
Cash	3,714	945	+ 293%
Basic and diluted loss per share	0.70p	0.72p	- 3%

* Research and Development (R&D) tax credit of £224k is included in other operating costs following the latest amendments made to the R&D scheme by HMRC for accounting periods beginning on or after 1 April 2024, which require R&D tax credits to be reported within operating costs rather than within taxation.

Revenue and Operating Costs

Revenue for the first six months of FY 2025 was flat compared to the revenue for the same period of FY 2024, largely as a result of some slowdown in deployments during the India elections. The Company, having won its largest order to date during the period, thereby doubling the order book, expects a significant increase in revenue during the second half of FY 2025 over the first half year. Gross margins have improved considerably compared to H1 FY 2024 as H1 FY 2024 included sales of gateways using end of life components purchased at a significant premium. A new, lower cost, gateway was developed during FY 2024 and is now being shipped. In addition, the higher margin software and services proportion of total revenue for the period increased from 11% to 20% in H1 FY 2025. The increase in operating costs compared to H1 FY 2024 was in line with expectations since the cost base had increased to support expected growth, with the majority of that increase being in H2 FY 2024.

Cash

During the period cash was utilised to both purchase stocks of components to support delivery during the remainder of the financial year, (stock of 567,000 MCUs were held at period end to allow H2 FY 2025 deliveries to be met) and investing in development of new products to enhance the current product suite.

On 10 September 2024 CyanConnode Holdings plc raised £5.4 million (before expenses) through an oversubscribed placing of 20,204,063 New Ordinary Shares and a subscription for 39,611,109 New Ordinary Shares at a premium to the prevailing mid-market share price. The cash is to be used to provide ongoing working capital for growth, to further strengthen the Company's balance sheet and to fund the setup of a hardware product design lab in India, which will enable a ramp up of operations.

Accounts receivable

A total of £7.3m cash was collected from customers during the period (compared to £7.4m for the same period in FY 2024), and a further £1.4m since the period end. In the period, our non-current trade receivables such as contract assets, reported in the non-current assets part of the balance sheet, increased to £3.3m (FY 2024: £2.4m), where revenue has been recognised in accordance with IFRS 15, and will be paid for over the period of the contract. The remainder of trade receivables included in non-current assets related to accrued income from contracts. Approximately 58% of cash collection during H1 FY 2025 related to trade receivables from FY 2024 and a further 8% of FY 2024 trade receivables has been collected since period end.

Operational Review

India

Market

According to recent research studies, the smart meter market in India is poised for significant growth over the next decade. In 2023, the market size then, was estimated at c. \$212m by Zion Market Research and \$219m by Astute Analytica. Both studies projected substantial increases by 2032, with Zion Market Research forecasting a market

size of \$2.8bn and Astute Analytica predicting \$3.2bn. This growth should be driven by several key factors, including government incentives to reduce aggregate technical and commercial (AT&C) losses and the integration of advanced metering infrastructure (AMI) with IoT platforms. The Indian government's target of deploying 250 million smart prepaid meters is a significant part of this growth, as these meters would improve billing efficiency, reduce power theft, and enhance the overall reliability of the power supply. This initiative is part of a broader strategy to reform the energy sector and improve efficiency through advanced technologies.

The Government of India plans to rollout 250 million smart meters through tenders for large volumes, of which tenders for more than 220 million smart meters had been sanctioned to the end of October 2024. According to the most recent statistics reported on the National Smart Grid Mission (NSGM) website, tenders for 132 million meters had been awarded to the end of October 2024 to prime bidders. While these contracts have been awarded to prime bidders, who are typically AMISPs, there can be a delay of a few months between the award of the contract to the AMISP and the subsequent award to subcontractors such as CyanConnode.

Orders

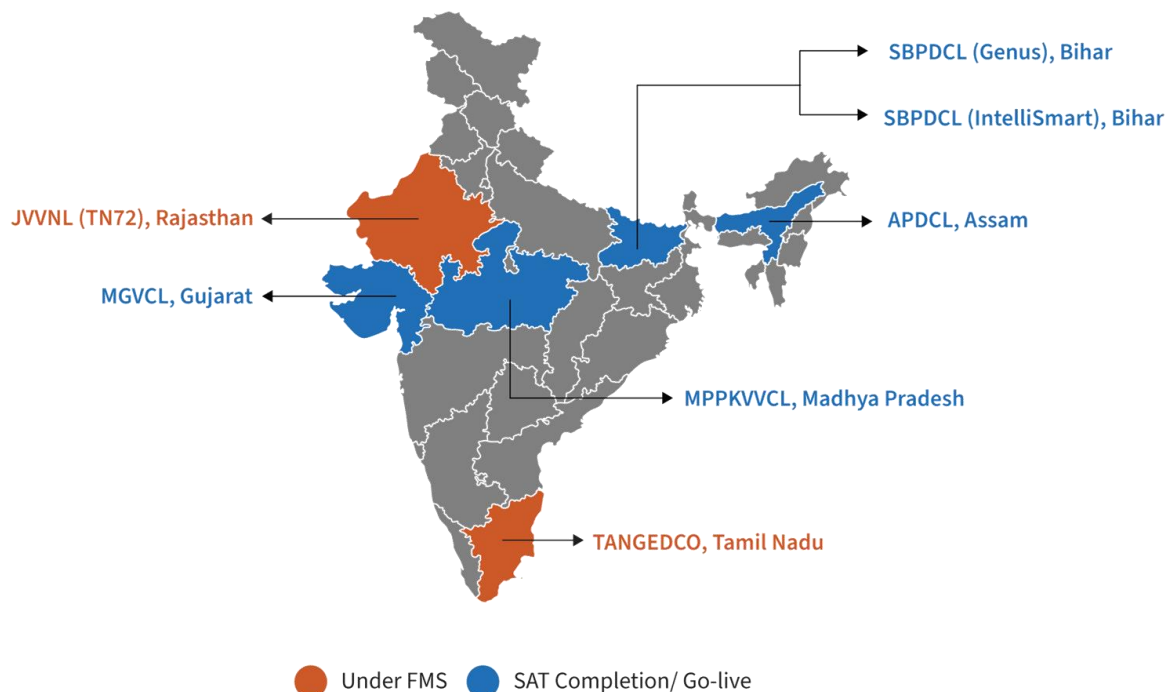
In April 2024, the Company received an order for 235,331 Omnimesh RF Modules, for the Madhyanchal Vidyut Vitaran Nigam Ltd (MVVNL) smart metering project in Lucknow

In August 2024, a Letter of Award ("LOA") was received for 6.5 million Omnimesh RF Modules, being the largest contract awarded to the Company to date. This contract award took the Company's order book for Omnimesh modules in India from 6.6 million to 13.1 million, solidifying the Company's position in India. This LOA was received from a global partner and relates to various smart metering projects in India.

Achievements

During the period, CyanConnode India's subsidiary, DigiSmart Networks Private Limited ("DigiSmart") qualified and was certified to participate in the upcoming smart metering tenders as an AMISP for both RF and cellular. As an AMISP, CyanConnode would be responsible for the end-to-end execution of smart metering projects, from meter supply to Meter Data Management ("MDM").

Key milestones such as Site Acceptance Tests (SATs) and project go-lives were achieved across several key projects during the period.



- CyanConnode has passed multiple Site Acceptance Tests (SATs) across several key projects and has achieved "Go Live" status in one project
- CyanConnode is consistently meeting the desired SLAs as per the agreements across projects
- This marks a crucial milestone that enables the commencement of billing for deployed meters
- The "Go Live" milestone is a critical achievement for any project as it signifies the transition to the billing phase, allowing for revenue generation

- The SAT qualification process involves rigorous quality and performance testing of the meters and the communication network, ensuring the highest standards of operation
- TANGEDCO and TN72 projects have come under FMS in FY 2024

Organisation

In May 2024 a strategic decision was taken to make changes to the organisation to strengthen leadership in India and streamline global operations by having all engineering and operations reporting into the MD CEO of India. The key reasons for this change were

- **Strengthened Leadership:** The new structure brings together seasoned leaders with extensive experience in smart metering, IoT solutions, and technology innovation. This ensures a robust leadership team capable of driving the company's strategic vision forward.
- **Enhanced Operational Efficiency:** By reorganising the engineering and technology teams, CyanConnode aims to streamline processes, improve execution speed, and enhance troubleshooting capabilities. This will enable the company to better meet the dynamic demands of customers and the market.
- **Focus on Innovation:** The restructured teams are focused on continuous innovation in product development and technology solutions.
- **Market Expansion:** The reorganisation underscores CyanConnode's commitment to leveraging the immense potential of the Indian market while continuing to deliver exceptional service and innovation to global stakeholders.
- **Alignment with Strategic Goals:** The new structure aligns with CyanConnode's strategic goals of maintaining market leadership, expanding technological capabilities, and driving sustainable growth in the smart metering sector.

Innovation

During the period significant work has been undertaken on innovation to further enhance the Company's product suite. The following products have either been developed or enhanced, in each case to ensure the highest performing and lowest cost version to maintain the Company's competitive position in the market, and reputation as a company achieving constantly high Service Level Agreements ("SLAs").

- **In-Meter Gateway**
 - To compete with cellular
 - Be Competitive
 - Faster and Ease of Deployment
- **Production of Long-Range Radios**
- **Gateways with 3 Phase Power Supply**
 - For compliance to local specifications
 - Thailand and markets abroad
- **Unified Head End System ("uHES")**
 - A Head End System that will allow both cellular and RF, including that of third-party providers, to connect
- **Low Cost CNIC**
 - A low cost version of the Company's Cellular Network Interface Card ("CNIC") at a competitive price point to suit the market in India
- **Solution on FG28 platform**
 - Design in of a newer, high performing chip

APAC and Middle East

The smart metering market in the APAC and Middle East continues to mature and presents a significant opportunity for CyanConnode.

During the period CyanConnode continued to deploy its contracts for the MENA region and additionally completed incorporation of its subsidiary in Dubai. In October 2024, the Company was pleased to announce a follow-on order for this region, and shipments for this order are expected to complete during this financial year. Further orders for the region are expected to be won in the near term.

Additionally, the Metropolitan Electricity Authority (MEA) Smart Grid Project, won in December 2019 continues to roll out in Thailand and reached go-live during the period.

The Company is currently working on opportunities in Malaysia, Indonesia and Azerbaijan.

Cash

On 10 September 2024 CyanConnode Holdings plc raised £5.4 million (before expenses) through an oversubscribed placing of 20,204,063 New Ordinary Shares and a subscription for 39,611,109 New Ordinary Shares at a premium to the prevailing mid-market share price. The cash is to be used to provide ongoing working capital for growth, to further strengthen the Company's balance sheet and to fund the setup of a hardware product design lab in India, which will enable a ramp up of operations.

Awards and recognition

In September 2024, CyanConnode was pleased to announce that it has been named a WIRED Trailblazer 2024. This prestigious recognition, awarded by WIRED Magazine in partnership with HSBC UK, highlights innovative companies driving positive economic, social, and environmental change through technology. The WIRED Trailblazers programme celebrates organisations that are making a tangible impact on the future of industries by tackling key global challenges such as sustainability and resource management. CyanConnode's commitment to innovation, demonstrated through its award-winning RF communication solutions and large-scale project deployments, positions the Company as a leader in smart energy transformation.

Also in September 2024, the distribution company, Tangedco, won the prestigious SKOCH Award for Gold Category in the Power & Energy category. The award recognises the digital transformation of Tangedco's commercial operations under the smart metering project powered by CyanConnode's communication network. The project has delivered exceptional billing and smart metering communication rates of over 99%, accelerating invoicing, reducing errors, and enhancing customer satisfaction through timely billing. It has also optimised operations, reduced carbon emissions, increased revenue, and optimised manpower, among many other benefits.

Post period end developments and outlook

Orders

In October 2024, CyanConnode announced a follow-on order with a value in excess of \$1 million for cellular gateways in the Middle East and North Africa (MENA) region. This contract builds upon the initial MENA order for this project, which was announced by the Company on 4 August 2022. The full order is scheduled for delivery, with revenue also recognised, within this financial year, which ends on 31 March 2025.

Consolidated income statement

	Note	Unaudited 6 months to 30 September 2024 £000	Unaudited 6 months to 30 September 2023 £000	Audited 12 months to 31 March 2024 £000
Continuing operations				
Revenue		5,629	5,775	18,730
Cost of sales		(3,293)	(3,965)	(13,117)
Gross profit		2,336	1,810	5,613
Exceptional item: impairment of intangible assets		-	-	(791)
Other operating costs ¹		(4,424)	(3,987)	(9,026)
Operating loss		(2,088)	(2,177)	(4,204)
Amortisation and depreciation		187	169	398
Share based payments		(24)	100	51
Inventory impairment		5	-	20
Impairment of intangible assets		-	-	791
Foreign exchange losses/(gains)		323	(8)	194
Adjusted EBITDA		(1,597)	(1,916)	(2,750)
Finance income		-	8	92
Finance costs		(33)	(72)	(113)
Loss before tax		(2,121)	(2,241)	(4,225)
Tax credit ²		-	367	395
Loss for the period		(2,121)	(1,874)	(3,830)
Loss per share (pence)				
Basic	3	(0.71)	(0.72)	(1.41)
Diluted	3	(0.71)	(0.72)	(1.41)

Consolidated statement of comprehensive income

Derived from continuing operations and attributable to the equity owners of the Company

	Unaudited 6 months to 30 September 2024 £000	Unaudited 6 months to 30 September 2023 £000	Audited 12 months to 31 March 2024 £000
Loss for the period	(2,121)	(1,874)	(3,830)
Exchange differences on translation of foreign operations	(311)	37	(112)
Total comprehensive income for the year	(2,432)	(1,837)	(3,942)

¹ Research and Development (R&D) tax credit of £224k included in other operating costs following the latest amendments made to the R&D scheme by HMRC for accounting periods beginning on or after 1 April 2024, which require R&D tax credits to be reported within operating costs rather than within taxation.

² Research and Development (R&D) tax credit of £224k included in other operating costs following the latest amendments made to the R&D scheme by HMRC for accounting periods beginning on or after 1 April 2024, which require R&D tax credits to be reported within operating costs rather than within taxation.

Consolidated statement of financial position

As at	Unaudited 30 September 2024 £000	Unaudited 30 September 2023 £000	Audited 31 March 2024 £000
Non-current assets			
Intangible assets	4,179	3,798	3,759
Goodwill	1,930	1,930	1,930
Property, plant and equipment	182	75	196
Right of use asset	412	108	474
Other financial assets	49	69	51
Trade and other receivables (note 4)	3,326	2,456	3,085
Total non-current assets	10,078	8,436	9,495
Current assets			
Inventories	1,652	1,540	1,686
Trade and other receivables (note 4)	8,270	8,513	10,491
R&D tax credit receivables	229	374	665
Cash and cash equivalents	3,714	945	783
Total current assets	13,865	11,372	13,625
Total assets	23,943	19,808	23,120
Current liabilities			
Trade and other payables	(6,076)	(4,734)	(8,450)
Short-term borrowing	(158)	(1,424)	-
Corporation tax liabilities	(477)	-	(508)
Lease liabilities	(113)	(29)	(110)
Total current liabilities	(6,824)	(6,187)	(9,068)
Net current assets	7,041	5,185	4,557
Non-current liabilities			
Lease liabilities	(305)	(80)	(364)
Deferred tax liability	(252)	(465)	(170)
Other payables	(83)	(43)	(87)
Total non-current liabilities	(640)	(588)	(621)
Total liabilities	(7,464)	(6,775)	(9,689)
Net assets	16,479	13,033	13,431
Equity			
Share capital	7,178	5,438	5,982
Share premium account	84,152	78,671	80,196
Own shares held	(3,259)	(3,611)	(3,611)
Share option reserve	1,388	904	1,412
Translation reserve	(371)	89	(60)
Accumulated losses	(72,609)	(68,458)	(70,488)
Total equity being equity attributable to owners of the Company	16,479	13,033	13,431

Consolidated statement of changes in equity

	Share Capital £000	Share Premium Account £000	Own Shares Held £000	Share Option Reserve £000	Translation Reserve £000	Retained Losses £000	Total Equity £000
Balance at 31 March 2023	5,438	78,671	(3,611)	804	52	(66,584)	14,770
Loss for the period	-	-	-	-	-	(1,874)	(1,874)
Other comprehensive income for the period	-	-	-	-	37	-	37
Total comprehensive income for the period	-	-	-	-	37	(1,874)	(1,837)
Credit to equity for share options	-	-	-	100	-	-	100
Total transactions with owners	-	-	-	100	-	-	100
Balance at 30 September 2023	5,438	78,671	(3,611)	904	89	(68,458)	13,033
Loss for the period	-	-	-	-	-	(1,956)	(1,956)
Other comprehensive income for the period	-	-	-	-	(149)	-	(149)
Total comprehensive income for the period	-	-	-	-	(149)	(1,956)	(2,105)
Issue of share capital	544	1,525	-	-	-	-	2,069
Issue of warrants	-	-	-	483	-	-	483
Credit to equity for share options	-	-	-	(49)	-	-	(49)
Transfer	-	-	-	74	-	(74)	-
Total transactions with owners	544	1,525	-	508	-	(74)	2,503
Balance at 31 March 2024	5,982	80,196	(3,611)	1,412	(60)	(70,488)	13,431
Loss for the period	-	-	-	-	-	(2,121)	(2,121)
Other comprehensive income for the period	-	-	-	-	(311)	-	(311)
Total comprehensive income for the period	-	-	-	-	(311)	(2,121)	(2,432)
Issue of share capital	1,196	3,956	352	-	-	-	5,504
Credit to equity for share options	-	-	-	(24)	-	-	(24)
Total transactions with owners	1,196	3,956	352	(24)	-	-	5,480
Balance at 30 September 2024	7,178	84,152	(3,259)	1,388	(371)	(72,609)	16,479

Consolidated cash flow statement

	Unaudited 6 months to 30 September 2024 £000	Unaudited 6 months to 30 September 2023 £000	Audited 12 months to 31 March 2024 £000
Net cash outflow from operating activities (Note 5)	(1,801)	(2,714)	(2,860)
Investing activities			
Interest received	-	8	15
Purchases of property, plant and equipment	(69)	(23)	(224)
Purchases of intangible assets	(495)	(498)	(1,384)
Sale/(purchase) of other financial assets	2	(7)	11
Net cash used in investing activities	(562)	(520)	(1,582)
Financing activities			
Interest paid on borrowings	-	(67)	(93)
Cash outflow from directors' loan	-	-	(300)
Cash net inflow/(outflow) from debt factoring	158	698	(426)
Loan repayment	-	(500)	(500)
Capital repayments of lease liabilities	(52)	(14)	(74)
Interest paid on lease liabilities	(13)	(5)	(19)
Proceeds on issue of shares	5,383	-	2,719
Share issue costs	(231)	-	(167)
Net cash from financing activities	5,245	112	1,140
Net increase/(decrease) in cash and cash equivalents	2,882	(3,122)	(3,302)
Effects of exchange rate changes on cash and cash equivalents	49	(3)	15
Cash and cash equivalents at beginning of period	783	4,070	4,070
Cash and cash equivalents at end of period	3,714	945	783

Notes to the Accounts

1. Basis of Preparation

The interim financial statements are for the six months ended 30 September 2024. They do not include all the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 March 2024, which have been filed at Companies House. The Group's auditor issued a report on those financial statements that was unqualified and did not contain a statement under section 498(2) or section 498(3) of the Companies Act 2006, however, the auditor's report emphasized the uncertainty around the Group's ability to continue as a going concern.

These interim financial statements have been prepared in accordance with accounting policies which are consistent with the measurement requirements of UK-adopted International Accounting Standards. These financial statements have been prepared under the historical cost convention.

These interim financial statements have been prepared in accordance with the accounting policies adopted in the last annual financial statements for the year to 31 March 2024. The accounting policies have been applied consistently throughout the group for the purpose of preparation of these interim financial statements and are expected to be followed throughout the year ending 31 March 2025.

2. Going Concern

To assess the ability of the Group to continue as a going concern, the Directors have prepared a business plan and cash flow forecast for the period to 31 March 2026 which, together, represent the Directors' best estimate of the future development of the Group. The forecast contains certain assumptions, the most significant of which are the level and timing of sales and the timing of customer payments. These detailed cashflow scenarios include Letters of Credit which have been secured from the customers against contracts recently won.

The Group's business activities, together with the factors likely to affect its future development, performance and position, have been considered in depth as part of the Directors' assessment of the Group's ability to continue as a going concern. The Directors have reviewed detailed trading forecasts for H2 of FY 2025. An upturn in business activities and revenue is expected during this period, which will ensure the Group's ability to meet market expectations for the full financial year. At 30 September 2024 the Group had cash reserves of £3.7 million (31 March 2024: £0.8 million). Based on detailed cash flow provided to the Board to cover the period to 31 March 2026, there is sufficient cash for a period of at least 12 months from the date of approval of this report, with forecasts prepared in line with its standard operating model. The Company continues to discuss potential working capital funding facilities with banks, particularly in India. The Company has been approached with alternative sources of finance, to support growth, such as secured loans, which it could accept should such a requirement arise. It also continues to discuss options of taking equity into its subsidiary in India.

The Company received a R&D tax credit of £664,558 from HMRC in September 2024. An advance loan of £400,000 received in May 2024 was in place against this R&D tax credit, and was repaid out of the proceeds of the tax credit received in September 2024. The Company intends to secure an advance against its R&D tax credit for the current financial year, anticipated to be for a minimum of £0.5 million, in the coming months.

Notwithstanding the material uncertainties described above, which may cast significant doubt on the ability of the Group to continue as a going concern, on the basis of sensitivities applied to the cash flow forecast, the directors have a reasonable expectation that the company can continue to meet its liabilities as they fall due, for a period of at least 12 months from the date of approval of this report.

Notes to the Accounts *continued*

3. Loss per Share

The calculation of the basic and diluted loss per share is based on the following data:

	Unaudited 6 months to 30 September 2024	Unaudited 6 months to 30 September 2023	Audited 12 months to 31 March 2024
Loss for the purposes of basic loss per share being net loss attributable to equity holders of the parent (£000)	(2,121)	(1,874)	(3,830)
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	297,056,605	260,581,840	271,910,382
Loss per share (pence)	(0.71)	(0.72)	(1.41)

The denominations used are the same as those detailed above for both basic and diluted earnings per share from continuing operations. However, in accordance with IAS 33 "Earnings Per Share", potential ordinary shares are only considered dilutive when their conversion would decrease the profit per share or increase the loss per share from continuing operations attributable to the equity shareholders.

4 Trade and Other Receivables

	Unaudited 6 months to 30 September 2024 £000	Unaudited 6 months to 30 September 2023 £000	Audited 12 months to 31 March 2024 £000
Non-current			
Contract assets	2,812	2,141	2,537
Other non-current assets	514	315	548
Trade and other receivables	3,326	2,456	3,085
Current			
Trade receivables: amount receivable for the sale of goods and services ³	6,882	8,056	8,692
Allowance for expected credit losses	(127)	(275)	(175)
	6,755	7,781	8,517
Contract assets	854	374	910
Other receivables	603	274	911
Prepayments	58	84	153
Trade and other receivables	8,270	8,513	10,491

³ £158k of trade receivables has been collected via invoice discounting and reflected as short-term borrowings in the balance sheet as required by IFRS. The net value of trade receivables in the current section of the balance sheet after taking this into account is therefore £6,882k less £158k = £6,724k (FY 2024 £8,692k less £Nil = £8,692k)

Notes to the Accounts *continued*

5. Reconciliation of Operating Loss to Operating Cash Flows

	Unaudited 6 months to 30 September 2024 £000	Unaudited 6 months to 30 September 2023 £000	Audited 12 months to 31 March 2024 £000
Operating loss for the period	(2,088)	(2,177)	(4,204)
Adjustments for:			
Depreciation of property, plant and equipment	55	22	58
Amortisation of intangible assets	75	133	267
Depreciation on right of use assets	57	14	73
Impairment of intangible assets	-	-	791
Foreign exchange	-	(8)	-
Share-option payment expense	(24)	100	51
R&D tax credit	(224)	-	-
Operating cash flows before movements in working capital	(2,149)	(1,916)	(2,964)
Decrease/(increase) in inventories	34	(747)	(913)
Decrease/(increase) in receivables	1,980	(1,711)	(4,348)
(Decrease)/increase in payables	(2,378)	901	4,662
Cash outflows from operating activities	(2,513)	(3,473)	(3,563)
Income taxes received	712	759	703
Net cash outflow from operating activities	(1,801)	(2,714)	(2,860)

6. Post Balance Sheet Event

The Group has no post-balance sheet events to report.

7. Interim Results

The Group's Interim Results report will be available for download on the Group's website, www.cyanconnode.com. The report will not be posted to shareholders.