Annual Report
for the year ended
31 July 2024

essensys is the leading global provider of mission-critical software-as-a-service ("SaaS") platforms and on-demand cloud services to the flexible workspace segment of the commercial real estate industry.

Annual report for the year ended 31 July 2024

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Highlights

Mark Furness, Chief Executive Officer of essensys, said:

"essensys has delivered revenue, profitability and cash ahead of market expectations, as previously announced. This is a robust outcome in market conditions which continue to be challenging, with delays to sales cycles and lower capex budgets constraining the activity of our customers.

Our progress reflects the continuing implementation of our strategy. Firstly, we have now migrated all customers to our differentiated and market-leading product, essensys Platform. This sets a strong foundation for long-term, sustainable growth. Secondly, our longstanding strategy to ***land***, ***expand*** and ***grow*** with strategic customers has once again improved our revenue mix. Thirdly, we have continued to invest in product development, with the launch of essensys Platform Intelligence Engine, yielding positive feedback.

As a result of this strategic progress – combined with the benefits of the operational efficiencies we delivered in FY23 – we remain on track to deliver positive EBITDA in FY25. We look forward to sharing further progress in the year ahead. We remain confident in the long-term structural growth opportunity in the office and flexible workspace market, with a flight to high quality, amenity-rich office buildings aligned with the types of assets essensys is designed to empower."

Strategic progress supports higher quality of earnings and a return to profit in FY25

Migration of all customers to pure-play SaaS product, essensys Platform, completed in FY24

essensys Platform is a significant evolution of our proposition, setting a strong foundation for sustainable growth:

- **Scalable model** expected to deliver greater recurring revenues and higher gross margin
- **Streamlined** offering is easier for customers to buy, with faster time to deployment at lower entry cost
- **Operational benefits** to commercial real estate operators from enhanced products and improved functionality, such as essensys Platform's Intelligence Engine

Momentum with strategic customers supporting greater revenue visibility and quality of earnings[1]:

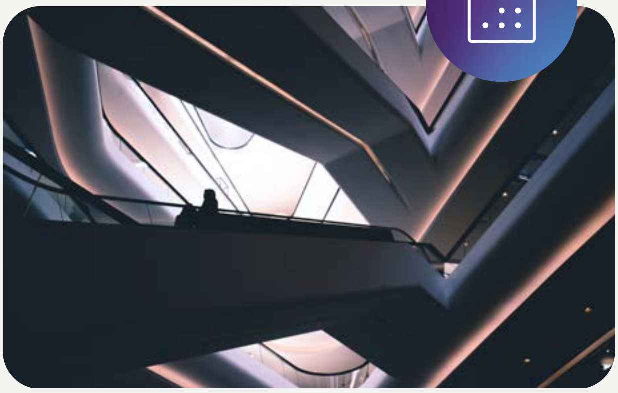
- **Land:** eleven new strategic customers, resulting in growth of 9% in number of strategic customers
- **Expand:** two major expansion contracts with strategic customers, expected to deliver at least £1.5m ARR by September 2025
- **Grow:** launch of Intelligence Engine in H1 FY24 and impending launch of Smart Access solution in H2 FY25 provide further opportunity for growth

7% growth in number of sites globally, with significant contributions from North America, Europe, and the Asia-Pacific region

Strategic customer Net Revenue Retention of 111%, reflecting success in retaining and growing with our existing customer base

Leaner organisation supports better decision-making, collaboration and drive towards profitability

[1] A strategic customer is typically a global landlord or a large specialist flexible workspace operator who has the potential to deliver $1m of Annual Recurring Revenue.



Continued improvement in key financial metrics driving improved revenue mix

Revenue, LBITDA and cash ahead of market expectations, as previously guided in the Company's full year trading update on 29 August 2024, reflecting progress with strategy

£9m delivery of annualised cost savings, following the reorganisation implemented in FY23

Annual recurring revenue up 5% at constant currency reflecting growth from strategic customers

- ARR from strategic customers up 8%, accounting for the majority of Group ARR (82%)
- ARR now 84% of total revenue
- Lower revenues, as expected, from non-strategic customers and marketplace

Group revenue down 2% at constant currency as a result of reduction in non-strategic customers and lower non-recurring revenue

Adjusted LBITDA significantly reduced by 86% to loss of £0.9m (FY23: £6.3m loss), following completion of Group reorganisation

essensys remains debt-free with net cash of £3.1m at 31 July 2024, including a £0.9m tax credit received in Q424

Current trading and outlook

On track to deliver positive adjusted EBITDA in FY25 and moving to run rate cash generation by the end of the financial year

Sustainable, continued improvement in revenue mix expected as customers benefit from our pure-play SaaS product (essensys Platform)

Sales bookings expectations supported by strategic customers' expansion plans and new customer opportunities

We remain confident in the long-term structural growth opportunity in the office and flexible workspace market

Financial summary

£'m unless otherwise stated	FY24	FY23	Change
Revenue	24.1	25.3	-4%
Recurring revenue[2]	20.2	20.9	-3%
Run Rate Annual Recurring Revenue[2]	20.3	20.0	2%
Revenue at constant currency	24.8	25.3	-2%
Recurring revenue[1]	20.8	20.9	-1%
Run Rate Annual Recurring Revenue[2]	21.1	20.0	5%
Adjusted LBITDA[1]	(0.9)	(6.3)	86%
Statutory loss before tax	(5.5)	(15.5)	65%
Loss per share (pence)	(5.1p)	(24.4p)	
Net Cash	3.1	7.9	

[2] See pages 19-21 for definitions

Overview

Vision

Our vision is to power the world's largest community of flexible, tech driven spaces. We design and develop software and technology that helps large landlords and workspace providers manage the complexity of operating large multi-tenant portfolios.

Our ambition is to be the dominant global technology provider for the flexible workspace segment of the commercial real estate market as it evolves rapidly to support the new world of hybrid working.

Specifically, we help our customers to:

- Automate manual processes
- Simplify operations
- Improve the occupier experience
- Engage with their customers
- Deliver digital services on-demand
- Manage scale operations effectively
- Understand how their customers use and interact with their spaces and services

essensys at a glance

Our business

essensys is the leading global provider of software and technology for flexible, digitally-enabled buildings, spaces and portfolios. Our solutions automate and simplify the management of next generation, flexible multi-tenant real estate. The real estate industry is evolving to meet the new world of hybrid working which requires agile, move-in ready spaces and the delivery of on-demand digital services. The office sector is becoming an increasingly digital landscape driven by end-user demand and delivering digitally enabled spaces is key to success. Our technologies have been designed and developed to help solve the complex operational challenges faced by landlords and flexible workspace operators as they grow and scale their operations. It helps our customers to deliver a simple, secure and scalable proposition, allowing them to respond to changing occupier demands, provide seamless occupier experiences, and realise smart building and ESG ambitions.

The problem we solve

The world of work has changed dramatically in the last few years. Companies of all sizes are reassessing their office requirements and are looking for workspace solutions that help them attract and retain talent, provide greater flexibility and drive productivity. This evolution has driven the growth of the flexible workspace industry and has led the world's largest office landlords to completely rethink their customer propositions. These landlords are now looking to deliver premium tenant experiences with traditional leased space increasingly being complimented with high-quality in-building amenities and access to shared spaces and services including meeting rooms, coworking areas, event spaces and short-term occupancy options.

Delivering these types of solutions is operationally complex and that operational complexity increases with scale. As a result, whilst it may be achievable for a landlord to provide these services in a single building, creating a network of connected spaces across a portfolio for the benefit of all tenants is both operationally and economically challenging. Our software and technology are specifically designed to remove this operational complexity, increase efficiency and reduce costs.

essensys at a glance continued

Our products

Our platforms are “mission critical” to our customers. They use our software and technology to manage and run their flexible workspaces, which has been designed to deliver a full suite of capabilities for real estate operators to run flexible workspaces ranging from the provision of digital infrastructure, through space management and space operations to occupier experience.

Our suite of products:

essensys Platform: Software that automates and simplifies the management of occupiers, spaces and services

essensys Cloud: Smart building connectivity delivered across our secure, private network

Operate: Contract management, billing and invoicing software

Our soon-to-be launched dynamic access control hardware and software solution designed for hybrid and flexible real-estate

Customers

The Group specifically targets customers which it considers to be strategic. These are large multi-site landlords and flexible workspace providers that will see the most attractive return-on-investment from our software and technology due to their scale. These strategic customers represent a significant and highly efficient growth opportunity, with each customer providing the potential to deliver at least $1m of ARR as penetration of our products increase across their portfolios.

The Group works with many of the world’s leading commercial real-estate brands - our customers range from global property groups to regional real-estate operators and international flexible workspace providers. We serve customer locations across the world including Australia, Singapore and Europe, as well as in our primary growth market of North America and the first market we entered, the UK. These customers are supported from our London headquarters and our regional offices in New York and Sydney.

Our simple, proven strategy of Land – Expand – Grow delivers us high-value customers with significant long-term expansion opportunity.

Business model

We are a software as a service ("SaaS") business with high levels of long-term recurring revenue. Our simple, proven strategy of **Land – Expand – Grow** delivers us high-value customers with significant long-term expansion opportunity. Once we have acquired a new customer, our business grows with them as they expand their flexible space footprint. We contract with customers on a multi-year basis; billing and collecting recurring revenue monthly throughout the term of the contract. Customers usually incur set-up charges associated with service activation and onboarding ("Non-recurring revenue") which is recognised when the customer site is activated. Recurring revenue accounted for 84% of revenue in FY24 (FY23: 83%).

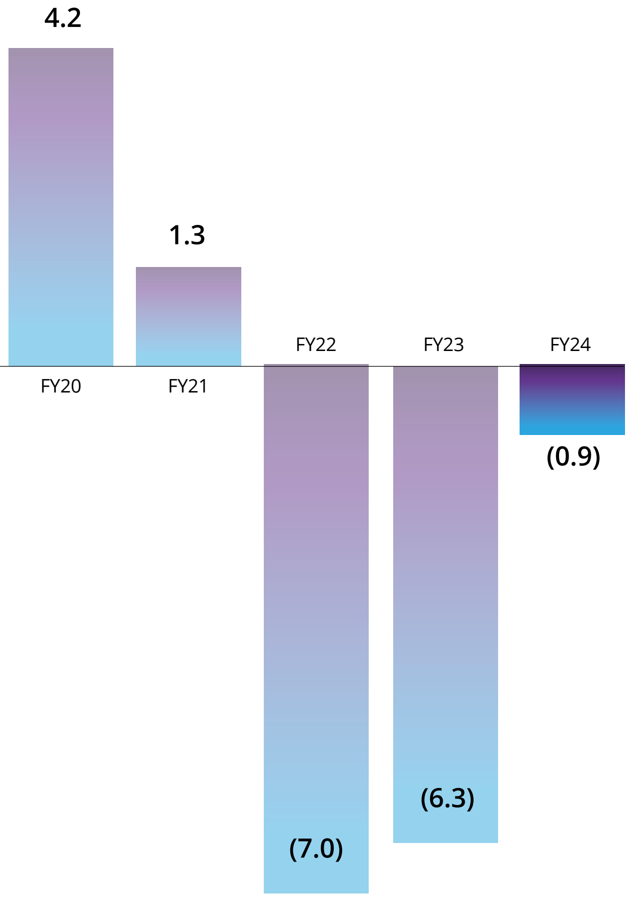
The Group's costs of sales are aligned to its revenue. These costs are primarily associated with hosting our software platforms on AWS (Amazon Web Services) and the infrastructure for essensys Cloud, which includes data centres and telecoms carrier sourced fibre network connectivity. Additional costs are incurred during the initial service set-up, including hardware and third-party install charges.

£24.1m

Revenue for the year ended 2024

Financial track record

The Group's five-year EBITDA history at reported currency is as follows (£'m):



Strategic Report

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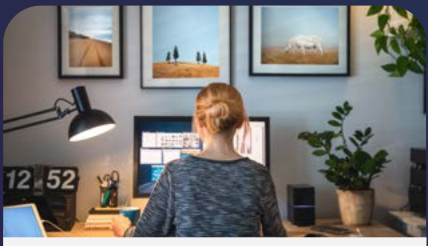
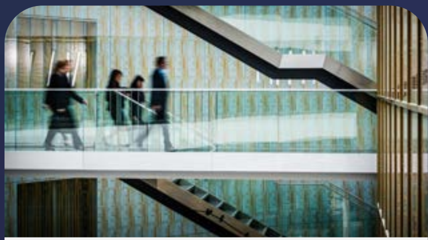
Investment Case



Structural shift in the global office market driven by new world of hybrid working creates a long-term opportunity

Organisations have increased space sharing by 30% since 2021 due to hybrid work[1]



Transition to saas model through essensys platform expected to deliver sustainable, continued improvements to gross margin

Recurring revenue accounts for 84% of total revenue

A market leader in software and technology that overcomes complexity of operating large, multi-tenanted portfolios

18-year track record in helping customers drive efficiencies and optimise performance

Developing new product capabilities

2024 launch of essensys Platform: Intelligence Engine, providing insights that can help customers understand how their spaces are used and experienced

Launch of essensys Platform: Smart Access, an embedded access control and IoT hardware solution that utilises smartphone wallets to tap-open-book spaces, due in H2 FY25

Working with global leaders in commercial real estate & flexible workspaces

82% of revenue aligned to strategic customers where opportunity for long-term site growth is strongest

[1] CBRE, Is this what is known as bifurcation in the office market?, 2023.

Chairman's statement

We have a strong platform to drive sustainable growth and remain extremely well placed to take advantage of the increasing demand for flexible workspace.

Jon Lee
Independent Non-Executive Chairman

In FY24, essensys made solid progress toward profitability, with strategic investments in innovation supporting both the Company's growth ambitions and the evolving demands of the flexible workspace sector.

I would like to extend my sincere thanks to the entire essensys team for their hard work and commitment; their dedication has been instrumental in advancing our strategic objectives this year.

We have also taken deliberate steps to enhance the quality of our customer base by focusing on high-value, strategic customers. This transition, while resulting in a 2% reduction in revenue at constant currency as we move away from smaller, lower value customers, has established a strong foundation for sustainable growth.

This year also marked the completion of our reorganisation aimed at simplifying our operational structure and aligning our cost base with current revenues. This has delivered significant cost savings and drives a sharper focus on our core customers and offerings, and means we are well-positioned to support the future of flexible workspaces.

We achieved a significant milestone by migrating all customers onto the essensys Platform, reinforcing our leadership in flexible workspace technology. We have made strides in product development, including the launch of our Intelligence Engine. We remain on track to launch our Smart Access product in H2.

Looking ahead to FY25, we anticipate achieving positive Adjusted EBITDA, which will be an important step toward run rate net cash generation by the end of the financial year. With a considerably reduced cash burn, we remain debt-free and ended the year with a net cash position of £3.1 million.

Our ambitions are based on the long-term growth opportunity, supported by strong partnerships with strategic customers and an expanding pipeline of new prospects. We are confident that essensys is well-positioned to lead in providing technology to the flexible workspace sector, creating enduring value for our investors and meeting the evolving needs of an increasingly dynamic market.

Jon Lee
Non-Executive Chairman

25 November 2024

Strategic and operational review

While market conditions remain challenging, essensys made important progress in FY24 and delivered a robust trading performance.

Mark Furness
Chief Executive Officer

Strong foundations for sustainable growth

While market conditions remain challenging, essensys made important progress in FY24 and delivered a robust trading performance.

During the year we made positive and significant strides forward in three key areas: our product offering, with all customers now migrated onto essensys Platform; product development and innovation; and our long-term growth strategy to land, expand and grow with strategic customers.

This enabled us to deliver revenue, profitability and cash ahead of market expectations in FY24, as previously announced, after we revised our financial forecasts downward at the half year in the context of delays to sales cycles and lower capex budgets, which have constrained the activity of our customers. Despite this, we signed two significant contract expansions in the year, with one of the world's largest privately owned commercial real estate companies and with an Australian listed REIT. The significant expansion opportunity that exists within such strategic customers provides a strong foundation for our future growth ambitions.

In FY24 we continued to place a strong emphasis on cost management and operational simplification. Building on the £8m in cost efficiencies identified, we delivered a further £1m of savings, bringing total annualised cost savings to £9m. These measures align with our focus on strategic customers and are delivering a sustainable improvement to our earnings, keeping us on track for a return to profit in FY25.

We remain debt-free and had a net cash position of £3.1m at the year end. essensys is now a leaner organisation and has an appropriate operational structure and product offering to support the growth plans of our strategic customers and deliver our long-term growth strategy.

Product

Our accelerated investment in product development over the past four years is beginning to deliver results and lays the foundation for long-term, sustainable growth. Our product development efforts are focussed on solving the key operational challenges of large multi-site office landlords and flexible workspace operators whilst reducing time-to-value and adoption costs of our solutions.

Our investment into essensys Platform to deliver a fully converged Access, Intelligence and Experience solution for our customers continues to be a key priority for our business. Our Product & Development team represents 30% of our total headcount which we believe demonstrates our commitment to delivering compelling, differentiated solutions for our customers.

essensys Platform

We have now migrated all customers to our differentiated and market-leading product, essensys Platform. We expect margins to improve materially over time as essensys Platform revenues increase as an overall proportion of our recurring revenues and lower margin essensys Cloud revenues decrease.

As previously announced, we have separated essensys Platform from our global private network (essensys Cloud). This allows us to reduce barriers to entry and simplify the customer onboarding journey for essensys Platform. Alongside the innovation set out below, this will allow our customers to access a pure-play SaaS product, which will provide the answers to the issues that the commercial real estate industry is facing.

As a result, we expect lower future demand for the hardware supply and installation services we offer. essensys Platform is now the primary driver of customer demand with both essensys Cloud and Operate (our billing platform solution) increasingly being relevant to only a small proportion of strategic customers. We expect this to result in a fundamental change to our revenue mix over the coming years as essensys Cloud and Operate revenues reduce as a percentage of total ARR as essensys Platform revenues increase.

Over time we expect a reduction in these lower margin non-recurring revenues (for example Wi-Fi and networking equipment and essensys Cloud installations) and so whilst customer capex budgets remain under pressure, we see the reduction to these onboarding costs as a positive enabler of future customer adoption.

essensys Platform: Intelligence Engine

During the year, we launched our insight solution, Intelligence Engine. This has now been released to all customers and has seen good levels of engagement, particularly across our strategic customers.

A CBRE Global Workplace and Occupancy Insights report published in December 2023 noted that the operational and financial impacts of underutilised space remain a top concern for commercial real-estate leaders who had a need for more detailed, higher quality utilisation data.

The report references utilisation rate as the occupancy metric that matters most and whilst contracted occupancy has historically been a key performance measure for landlords and workspace operators, the industry has tended to primarily rely on low-resolution security badge swipes for this more valuable utilisation data.

Since the pandemic, office utilisation rates are increasingly seen as a predictor of performance and future returns. With global average office utilisation of 35%, well below the pre-pandemic global average of 64%, landlords and workspace providers are having to adapt their offering to increase occupier utilisation.

In addition to space utilisation, the quality of the in-building digital experience (DX) is also crucial for landlords and workspace operators. Their challenge is providing frictionless access to spaces and services as well as a seamless digital experience. Therefore, WiFi and internet performance are now key data points.

Using space utilisation and DX as the foundations for Intelligence Engine we have developed a solution that provides customers with deep insights that can help them understand how their spaces are used and experienced. We also believe that as essensys Platform converges disparate systems and traditionally unconnected data sources (e.g. Wi-Fi/network, bookings, access control, IoT sensors) we can provide the high-fidelity and high-resolution insights that the commercial real estate industry is seeking.

Initial feedback on Intelligence Engine has been very positive and supports future pipeline growth, including the re-engagement of previous prospects, as well as driving increased retention and traction with strategic customers.

essensys Platform: Bookings and Smart Access

The dynamic booking of shared spaces such as meeting rooms in multi-tenanted commercial office real estate continues to be a pain point for our strategic customers and the recent release of Space Bookings in essensys Platform has allowed our customers the ability to manage the complex demands of their enterprise tenants across their portfolio. This emerging new capability in essensys Platform will become increasingly powerful due to its real-time integration with Smart Access, allowing dynamic booking and access to shared spaces in the future using simply a smartphone.

We have continued to make progress with the development of our embedded access control and IoT hardware solution that we currently refer to as Smart Access. Smart Access leverages the ubiquity of smartphone wallets to create a seamless tap-book-open experience for building occupiers. The solution converges access control, space bookings and an IoT sensor gateway to provide a powerful answer to the problem of managing real-time access and control of space in today's dynamic and flex-enabled world. The hub's embedded IoT gateway will also enable the collection of real-time sensor data further improving the quality of insights Intelligence Engine can provide. As previously announced both hardware elements (reader and hub) are now fully FCC and CE certified and production tooling is well underway, targeting customer availability early in H2 FY25.

Strategic customers: Land, Expand and Grow

Our longstanding strategy to Land, Expand and Grow with strategic customers continues to underpin the improvement to our customer mix, product adoption and revenue quality.

We are seeing this strategy bear fruit in our focus on high value, strategic customers with the potential to deliver at least $1m ARR. These are typically large enterprise customers, particularly blue-chip landlords, who are instrumental in shaping the future of the commercial real estate industry. Typically, strategic customers engage us for multiple sites, generate higher revenues per account and deliver stronger net margins due to the lower costs afforded by our operational efficiency to serve.

We continue to see improvements in the quality of our customer base with strategic customers now accounting for 82% of our revenues, up from 77% in FY23. As a result, the majority of new sites now come from strategic customers. Net Revenue Retention of 111% within our strategic customer cohort is higher than net retention across our whole customer base (103%).

One result of our focus on higher-value strategic customers is continuing churn in the long tail of our non-strategic clients. These smaller customers, which now represent 18% of overall revenues, are largely single site operators that do not offer an expansion opportunity and have high service costs and we expect their numbers to continue to reduce further in the year ahead.

Land

Despite a challenging macro backdrop in which sales cycles and capital deployment decisions are taking longer, we signed eleven new strategic customers in FY24. This saw us expand our footprint, resulting in growth of 9% in our volume of strategic customers.

Expand

In FY24 we signed two major expansion contracts with existing customers, developing a strategic plan to align our product roadmap with their long-term goals.

The first of these portfolio MSAs (Master Service Agreement) is with one of the world's largest privately-owned commercial real estate companies. Headquartered in the US and with a large global portfolio, this customer is contracted to deliver a minimum of US$1m ARR by September 2025 with the total expansion opportunity being significantly larger.

The second is a with an Australian listed REIT which is rolling out essensys Platform across its existing portfolio as part of a five-year contract and is expected to reach a run-rate of US$1m ARR by July 2025.

Grow

We have also seen customer site growth across all our operating regions. The number of sites utilising our essensys Platform has grown by 7% globally, with contributions across all regions.

The Group's gross retention rates within our strategic customer cohort have improved to 93% (from 83% in FY23), while net retention rates have reached 111%, indicating that existing customers are not only staying with us, but are also expanding their use of our services.

US momentum and Global progress

We have continued our momentum in the US, which remains the largest, highest growth market for the flexible workspace industry – and our primary growth engine. The US continues provide a significant long-term opportunity and accounted for nearly 60% of Group revenues in the year.

US ARR was up 2% and while US total revenue decreased by 10% from £15.8m to £14.2m, this was due to pressure on capex budgets impacting on non-recurring revenue. US recurring revenue at constant currency grew by 2%.

Our U.S. pipeline remains robust, with over 200 sites currently in our pipeline. Notably, 80% of these are with our strategic customers, underscoring the strength of our relationships. Our strategic customer base continues to show promising growth trajectories, with expansion plans and strengthened partnerships driving forward our growth targets. Key highlights include:

- A premier US landlord is set to expand significantly, with plans to add over 20 new sites within the next year. This rapid growth underlines their commitment to our platform and highlights a mutual goal of delivering seamless operational experiences across an expanding portfolio.
- In the UK, one of our larger strategic customers is also planning for a large-scale expansion, which will further solidify our relationship. This expansion aligns with our strategy of supporting top tier landlords and enables us to provide them with scalable, robust solutions.

Strategic landlords are using essensys Platform to deliver a premier digital experience to occupiers. Customers are taking a portfolio based approach, working with a select number of partners across their sites, as opposed by site to site solutions, to deliver an integrated tech stack.

The essensys Platform provides robust, multi-layered security features that safeguard both tenant data and operational integrity across all sites. Additionally, strategic landlords are using the essensys Platform Intelligence Engine to gather insights that offer actionable data points on space utilisation and identify trends that will benefit customer satisfaction.

Current trading, market conditions and outlook

Our progress in challenging market conditions reflects a continued focus on the execution of our strategy and strength of our customer relationships.

We believe our transition to a pure-play SaaS model through essensys Platform, investment in our market-leading product and longstanding strategy to land, expand and grow with strategic customers position us well to prosecute the long-term opportunity.

As a result of this strategic progress – combined with the benefits of the operational efficiencies we started in FY23 – we remain on track to deliver positive EBITDA in FY25. We see this in our sales pipeline and ARR, which are driven by our strategic customers' expansion plans. As these customers see the operational benefits of our pure-play SaaS product (essensys Platform), we expect a sustainable, continued improvement in gross margins.

The ongoing structural shift in the global office sector, driven by the bifurcation of offices between premium, amenity rich buildings, which appeal in the new world of hybrid wording, with older office stock, translates into an enduring growth opportunity for essensys and our products as landlords update their assets to meet tenant needs. However, we expect to continue to see delays to sales cycles and lower capex budgets constraining our customers' expansion plans, until the macro-economic outlook improves. We remain confident in the long-term outlook for the business.

Mark Furness
Chief Executive Officer

25 November 2024

Engaging with our stakeholders

The Board makes a conscious effort to understand the interests and expectations of the Company's stakeholders and to reflect these in the choices it makes in its effort to create long-term sustainable success for our business.

Section 172 of the Companies Act 2006 requires the Directors to act in a way that they consider, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole. In doing so, directors should have regard (amongst other matters) to how they:

- take into account the likely consequences of any decisions in the long term;
- foster relationships with stakeholders;
- understand our impact on our local communities and the environment; and
- demonstrate the importance of behaving responsibly.

The Board will periodically review how it engages with each stakeholder group. The consideration given to the interests of each stakeholder group may change over time, to reflect the impact any decision may have on any particular stakeholder group. The Board therefore seeks to consider the impact and priorities of each stakeholder group during its discussions and as part of its decision making.

The table below sets out our key stakeholder groups, their interests and how essensys has engaged with them over the reporting period. However, given the importance of stakeholder focus, long-term strategy and reputation, these themes are also discussed throughout this Annual Report.

Our employees

Their interests

- Training, development, and career prospects.
- Health and Safety
- Working conditions
- Diversity and Inclusion
- Fair pay, employee benefits
- Environmental issues

How we engage

As a software business, our success is dependent on our employees. We are committed to a flexible, hybrid working model, providing our employees with a balance of office collaboration and home productivity,

In the year, we moved office to a modern, flexible workspace, giving our employees a positive working environment and better understanding of our customers.

We update employees on business progress on a regular basis, including monthly 'town halls' and product updates increase their technical knowledge.

In addition to our focus on wellbeing and mental health, where all employees are entitled to a Wellness Day, the Group also launched a cultural appreciation day for all employees to take time to celebrate their chosen cultural celebration.

Our overall ambition is that our employees feel engaged with the direction of the Group and that they can progress their own development and careers within the Group.

Section 172 Statement continued

Our suppliers

Their interests

- Workers' rights
- Supplier engagement and management to prevent modern slavery
- Fair trading and payment terms
- Sustainability and environmental impact
- Collaboration
- Long-term partnerships

How we engage

The Group has a relatively small number of significant suppliers with whom it works to build long term relationships and has traded with for several years. It ensures that its suppliers meet its standards of performance and ethical trading though regular meetings, contract negotiations and formal contract terms which include behaviour commitments.

The Group reviews these supplier relationships regularly and where necessary, Board approval is required for significant changes. There were no such changes during the year.

During the year the Group continued to engage with a small number of new suppliers with the aim of improving its existing service to customers and assisting in its product development activities.

Amounts outstanding to suppliers are shown at note 23 to the financial statements.

Our Investors

Their interests

- Comprehensive review of financial performance of the business
- Business sustainability
- High standard of governance
- Success of the business
- Ethical behaviour
- Awareness of long-term strategy and direction

How we engage

The Group is committed to engaging with shareholders regularly to present on financial performance and strategic direction, as well as to enable discussion and answer questions.

Senior management undertake investor roadshows and provide presentations following the publication of interim and full year results, and make themselves available to meet shareholders and prospective shareholders at various other times of the year.

Presentations are targeted at all levels of shareholder, ensuring smaller investors have access to the same information as institutions. Presentations are also made to financial analysts and senior management engage with the financial and trade press on an ongoing basis.

The Group encourages shareholders to attend its Annual General Meeting which will be held on 18 December 2024.

Further details on the Group's approach to engagement with shareholders and corporate governance generally can be found in the Statement of Corporate Governance on page 32.

Our customers

Their interests

- Timely and informative end to end service
- Ease of access to information
- Technical expertise
- Timeliness
- Safety
- Data security

How we engage

The Group enters into long term contracts with customers which include Service Level Agreements and behaviour commitments for both parties. As part of its services the Group provides a customer support service together with easily accessible online help and technical assistance. Significant customers have dedicated account managers and have direct access to members of senior management.

The Group provides regular updates on product and capability improvements directly to customers through customer engagement sessions and provides general information on matters of industry relevance. It measures and monitors its response time to queries to ensure that customer issues are dealt with appropriately.

As part of its customer engagement process, customers are regularly surveyed as to their experiences. Customer views and requests are also taken into account in development of the Group's software development roadmap.

The Group has retained its ISO9001 and 27001 accreditations to ensure that its process and procedures are of an appropriate quality standard and that its information security procedures are appropriate. Compliance with the requirements of these standards is audited on an annual basis. The Group also engages a third party SOC2 audit each year.

Financial Key Performance Indicators

£'m unless otherwise stated	2024	2023	Change
Group Total Revenue	**24.1**	25.3	-4%
North America	**14.2**	15.8	-10%
UK & Europe	**8.5**	8.7	-2%
APAC	**1.4**	0.8	74%
Recurring Revenue[1]	**20.2**	20.9	-3%
North America	**12.3**	12.6	-2%
UK & Europe	**6.6**	7.8	-15%
APAC	**1.3**	0.5	160%
Recurring Revenue %age of Total	**84%**	83%	
Run Rate Annual Recurring Revenue[1]	**20.3**	20.0	2%
Recurring Revenue at constant currency	**20.8**	20.9	-1%
North America	**12.8**	12.6	2%
UK & Europe	**7.2**	7.8	-8%
APAC	**0.8**	0.5	60%
Run rate ARR	**21.1**	20.0	5%
Non-recurring revenue	**3.9**	4.4	-11%
Gross Profit	**13.7**	14.9	-8%
Gross Profit percentage	**57%**	59%	
Recurring Revenue margin %age	**62%**	63%	
Operating Expenses	**(14.6)**	(21.2)	31%
Adjusted LBITDA[2]	**(0.9)**	(6.3)	86%
Statutory loss before tax	**(5.5)**	(15.5)	65%
Net Cash	**3.1**	7.9	

1 Recurring revenue comprises income invoiced for services that are repeatable and are consumed and delivered on a monthly basis over the term of a customer contract. Run Rate Annual Recurring Revenue (Run Rate ARR) is an annualisation of the recurring revenue for the month identified (July 2024); this is used by management as an indication of the annual value of the recurring revenue for that month and to monitor long term revenue growth of the business.

2 Adjusted LBITDA is the loss on operating activities before depreciation and amortization, share based payment charges, credit loss provisions and restructuring expenses.

Financial Review

Scope of financial results

The financial results included in this annual report cover the Group's consolidated activities for the twelve months ended 31 July 2024. The comparatives for the previous twelve months were for the Group's consolidated activities for the twelve months ended 31 July 2023.

Revenue

Run Rate ARR grew by 2% to £20.3m (FY23: £20.0m). At constant currency, stripping out the negative impact of movements in the US Dollar results in ARR growth of 5%, reflecting growth in strategic customers.

ARR from strategic customers increased in the year by 8% to £16.7m (FY23: £15.5m) and accounts for 82% of Group ARR. The Group introduced 11 new strategic customers in the year, which resulted in increased ARR of £0.5m. While ARR was only impacted in the year by the loss of a single strategic customer following their withdrawal from the flex office market and a net £1.1m of ARR was added in new sites (net of lost sites), as reported in our half year results, we expect our largest customer to downsize in H1 FY25, with a reduction of up to £3m in ARR. This mainly relates to our lower margin Cloud product (£2m), while our legacy software product, Connect, accounts for the balance. This is our last US customer using Connect, which is in the process of being retired.

Overall, ARR increased by £0.8m as a result of 18 new customers in total. ARR also benefited from a net increase of 32 sites, partly offset by the expected continuing decline in variable Marketplace revenues (£0.4m).

Group total revenue decreased by 4% to £24.1m in FY24 (FY23 £25.3m), primarily due to a reduction in non-strategic customers and lower non-recurring revenue in a capital-constrained market environment. As noted above, the US dollar also weakened relative to FY23, resulting in a negative impact to revenue. Total revenue at constant currency decreased by 2%.

Recurring revenue decreased by 3% compared to FY24 (decreasing by 1% at constant currency). North America underlying dollar denominated recurring revenue grew by 2% but the weakening of the US dollar compared with FY23 meant that reported recurring revenue decreased by 2% in the period.

The US has seen a net increase of 9 sites since the FY23 year end, with the losses seen in H1 offset by gains achieved in H2. UK & Europe recurring revenue declined by 15% year on year, driven by losses of non-strategic customers and reduced demand for our Operate solution. We have seen a return to net site growth in this region with closing site numbers up 8 on FY23 year end. APAC growth continued with 15 new sites live in the year.

Non-recurring revenue comprises set up and installation costs and is recognised when a site is live. Non-recurring revenue reduced by 11% compared to FY23, reflecting challenging market conditions, with a reluctance from customers to invest in capital expenditure. The Group expects that following its initiative in FY25 to simplify installation, this will reduce the requirement for upfront investment, reducing barriers to entry and supporting the Group's emphasis on recurring revenue growth.

Gross profit

Gross profit decreased by 8% in the year, reflecting the reductions seen in revenue. Gross margins also declined to 57% (FY23: 59%), driven by the relative pressure on margins relating to installations, which reduced non-recurring margins by 4 percentage points. Recurring revenue margins also declined by 1 percentage point to 62%, due to the continuing decline in traditionally higher margin UK Marketplace services revenue. The move to a pure play SaaS platform will see the decommissioning of our private network (essensys Cloud) data centres over the coming months, which will result in improving margins.

Operating expenses

Operating expenses represent all administrative expenses, excluding restructuring costs and non-cash items of depreciation, amortisation, impairment and share option charges.

Operating expenses decreased by £6.6m (31%) compared to the prior year. This reduction was driven by the Group reorganisation, which began at the end of H1 FY23 and completed at the start of FY24 and reflects the strong emphasis on cost management and operational simplification in the business. Including the savings achieved in the prior year, the Group has delivered total annualised cost savings of £9m, an extra £1m more than the £8m originally identified.

Adjusted LBITDA

Adjusted LBITDA for the year was £5.4m lower than FY23 due to the impact of the Group reorganisation and continued focus on profitability and cash, which more than offset the reduction in gross profit.

The Group continues to invest in product development in the UK. Where such work is expected to result in future revenue, costs incurred that meet the definition of software development in accordance with IAS38, Intangible Assets, are capitalised in the statement of financial position. During the year, the Group capitalised £2.1m in respect of software development (FY23: £3.8m). This reduction reflects the impact of the Group reorganisation, but also reflects the progress made in developing our products, with Intelligence Engine launched in H1 FY24 and our Smart Access solution expected to launch in H2 FY25.

Taxation

The Group recognised a £2.2m tax credit in the year in respect of R&D activities for the financial years from FY21 to FY24. Of this, £1.0m was received during the year for FY21 and FY22, £0.9m was received after the year end for FY23 and £0.3m was accrued in respect of FY24. The Group had not previously recognised R&D tax credits but in light of claimed amounts being successfully recovered considers there a sufficiently reasonable expectation to recognise a receivable in respect of R&D credits unpaid as at the balance sheet date. £1.2m was reported on the balance sheet as a receivable at the year end. Excluding this, the Group incurred a tax charge in the year of £0.1m (FY23: £0.2m), which represents taxes paid on foreign income in the year. There remains over £7.5m in Group carried forward taxable losses and therefore there is no expectation of tax payments in the short term.

Cash

Cash at the year end was £3.1m (FY23: £7.9m). Cash at the half year was £3.5m, with cash outflows in H2 reduced to £0.4m. This was supported by tax credits in respect of R&D activities received in H2 of £0.9m, with an underlying cash outflow of £1.3m, compared to £4.4m in H1.

Following the year end, the Group has received a further £0.9m of tax credits in respect of R&D activities and expects cash burn to continue to reduce into FY25 as essensys Platform revenues increase and we optimise our Cloud costs. The Group continues to maintain sufficient cash reserves to fund its working capital requirements and its return to cash generating operations. Excluding leases, the Group has no debt and has an undrawn £2m loan facility committed until 31 July 2025.

In light of the continued impacts of global macroeconomic uncertainty, the Board has considered a number of different scenarios regarding trading and financial performance into FY25 and beyond and is confident that, in the event of a significant long-term downturn, the Group will have sufficient cash resources for the foreseeable future.

Greg Price
Chief Financial Officer
25 November 2024

Principal Risks & Uncertainties

The Group faces a range of risks and uncertainties which could influence its long-term performance, potentially leading to actual outcomes differing significantly from expected or historical results. The Board is committed to identifying material risks and implementing policies and procedures to mitigate any exposure.

In FY24, the Group has continued to use its established risk management framework after bringing risk management processes in-house in FY23, rather than relying on external support. The Board delegates authority for delivering the risk management framework to the Audit Committee, enabling a more detailed evaluation of risks. The CFO is the executive responsible for overseeing the framework's execution. Additionally, the Group has a risk management committee which reports to the executive management team before review by the Audit Committee. This structure ensures that accountability for risk is embedded into each functional area of the Group. The risk assessment matrix below outlines the key risks, categorising them and explaining the controls in place to address them. The Board recognises that the nature and scope of risks can change and that other risks may emerge and so this list is not intended to be comprehensive. The principal risks identified, and controls to mitigate them, are as follows:

Risk & uncertainty	Potential Impact	Mitigation
Dependence on key customers	The Group's business is significantly dependent on certain key customers and in turn on their growth. If the Group's commercial relationship with any of its key customers terminates or reduces for any reason its financial results could be materially adversely affected.	The Group has a robust account management process that ensures we understand the evolving needs of our strategic customers, maintain broad and senior level contacts, undertake regular business reviews to ensure alignment, and ensure early and focused engagement on the renewal (and growth) of accounts. In H1 FY25, our largest customer will downsize, with a reduction of up to £3m in ARR. However, as this mainly relates to our lower margin Cloud product, while revenue will reduce, the Group's margins will improve. The strength of our relationships with regard to our Platform and continued innovation to meet their needs means that while this risk will be present in the short term, we expect there will be less concentration on a small number of key customers over time.
Product Development (New Product and Proposition Launch)	The Group's continued success is in part dependent on the development and delivery of new products and services, some of which come at significant cost and time. In the event that any new product or service is not delivered on time, to specification and to the requisite quality the Group's customers are likely to be disappointed, revenue growth delayed, and additional development costs incurred.	The Group regularly assesses customer new product functionality requirements and builds those into its future development roadmap. Over FY24 the Group continued to undertake prioritisation exercises to reflect internal or external changes which impacted the product roadmap. This included prioritisation of customers for migration to the essensys Platform and prioritisation of functionality to reflect feedback from our employees and customers. Clear timelines for development are communicated within the business, including any changes and reasons for those changes. The Group's software development activities conform to its ISO9001 (Quality Assurance) and the Group maintains a Quality Assurance function within its Software Development department to ensure that any software release meets required standards.

Principal Risks & Uncertainties continued

Risk & uncertainty	Potential Impact	Mitigation
Reliance on key individuals and management capacity	The Group's business, development and prospects have historically been dependent on a small number of key management personnel and the Group requires highly skilled employees to carry out its business and enable it to achieve its growth targets. The loss of the services of any key management personnel, for any reason, or failure to attract and retain necessary additional personnel, could adversely impact on the business, development, financial condition, results of operations and prospects of the Group.	The Directors believe the Group operates a progressive and competitive remuneration policy including the issue of share options which will play an important part in retaining and attracting key management personnel. The global reorganisation announced in FY23 and completed at the beginning of FY24 has meant a broadening of roles and responsibilities and an improvement in communication across functional teams, which has led to less reliance on a very small number of individuals.
Volatility or slowdown in the flexible workspace and corporate real estate markets	The Group remains focused on providing mission critical software to the flexible workspace segment of the corporate real estate market. There remains some uncertainty about the impact of hybrid working on the use of offices going forward. A significant change in the attractiveness of offices as the primary working environment or more flexible working environments could have a material impact on the prospects of the Group.	Ways of working continue to evolve post-pandemic, but there are clear indicators that the office will continue to play a critical role in the knowledge worker sector, with many large institutions enforcing a return to office work in some form. These evolving ways of working, alongside continued macroeconomic uncertainty, are driving increased demand to the flexible workspace sector. The flight to quality also continues, with a bifurcation in the office market between the 'best and the rest'. Our focus on high quality multisite flexible workspaces owners and operators positions us well. We see an increasing number of leading landlords deliver high quality, connected, flexible space to capitalise on these trends, and a continued expansion of established, high-quality operators.
Technical robustness and security of the Group's software platforms and private networks	The success of the Group is largely dependent on its technical capabilities and it relies to a significant degree on the efficient and uninterrupted operation of its software, computer and communications systems and those of its third-party suppliers, including the internet. Any malfunctioning of the Group's technology and systems or those of key third-party suppliers, or any security breaches, computer malware or other cyber-attacks could result in a lack of confidence in the Group's products, with a consequential adverse effect on the Group's business and financial results.	The Group's private network provides greater performance reliability, security and capability benefits compared to public internet. The Group's technology infrastructure is built with resilience and redundancy as key components and is hosted in multiple data centre locations operated by internationally recognised data centre providers. The Group monitors its software and systems on a 24/7 basis to ensure that in the event of any interruption (irrespective of the cause) it is able to respond quickly to issues that affect the performance of its products. It has recently installed and rolled out additional monitoring capability to improve this further. The Group is ISO9001 and ISO27001 accredited and operates rigorous change control and software development processes to ensure that any work undertaken on its software and technology infrastructure minimises the impact on customers. In addition, the Group regularly uses a third-party consultant to undertake 'penetration testing' of its software and systems to ensure that they are in line with current industry standards and any weaknesses are identified. If identified any such weaknesses are dealt with promptly.

Principal Risks & Uncertainties continued

Risk & uncertainty	Potential Impact	Mitigation
Digital Infrastructure and Cyber Security	A Malware or Ransomware attack on a vulnerable component of our infrastructure or applications could enable a 3rd party to access and potentially control access to our core infrastructure and deny our ability to provide service to our customers resulting in consequential adverse impact on the Group's reputation and business.	As noted above regarding technology, infrastructure and software processes, the Group regularly uses a third-party consultant to undertake 'penetration testing' of its software and systems to ensure that they are in line with current industry standards and any weaknesses are identified. If identified any such weaknesses are dealt with promptly. In recent tests, across both external and internal assessment scopes, the tester awarded an 'Excellent' grade and remarked that "essensys' infrastructure security exceeds Industry Best Practice".
Legal and regulatory breach	The Group operates in the US, UK, Europe and Asia in regulated telecommunications markets. The Group also processes personal data as part of its business. A data breach, failure to comply with legislation or being able to respond to requests made under such legislation could result in reputational damage and potential financial liabilities.	The Group engages a specialist communications consultancy to advise on telecommunication regulations and obligations and to assist with compliance and registration in each market in which the group operates. The Group's Chief Information Officer (CIO) is the Group's primary contact for data protection matters, is a member of key management and is responsible for maintaining the Group's ISO accreditations and ensuring continued compliance with data protection legislation.
Technological Advances and Competition	Some of the Group's competitors include significantly larger enterprises with greater financial and marketing resources than the Group. There may also be new entrants to the market which could become competitors to the Group. In the event that the Group does not continue to develop the capability and applicability of its products there is a risk that they become redundant and are replaced by new entrants.	The Directors believe that significant barriers to entry exist in the markets in which the Group operates, particularly in relation to its core Platform product. These include, for example, the technical skills and expertise required to develop its software, which make it difficult to replicate this capability. The Group's continued success in winning new, sophisticated market entrants as customers demonstrates the robustness of the Group's products. The Directors are aware of the need to ensure that the Group's products are at the leading edge of technology offerings to its target industries and it engages proactively with customers to ensure that its product development roadmap meets their requirements. Following the launch and successful rollout of the essensys Platform it continues to invest in new product and software development with the aim providing efficiencies to the Group and greater capabilities and functionality to customers.

Principal Risks & Uncertainties continued

Risk & uncertainty	Potential Impact	Mitigation
Inflationary and Exchange Rate Pressures	The Group has substantial operations in the USA. Profits are therefore exposed to variations in exchange rates thereby impacting reported profits. In the event that the Group is unable to pass on inflation driven cost increases to customers, profits and therefore future cash balances may be negatively affected.	The Group relies on a partial natural hedge of GBP and USD costs and revenues being primarily in the same currency because the cost of sale of a relevant contract is generally in the local currency of the region the contract is sold in. The Group continues to review and consider its long-term strategy for the management of its foreign exchange exposure. The Group's cost of sales are generally fixed at the start of a relevant customer contract, normally for a 3 year term. Sales prices will therefore be increased at renewal dates in the event that there is any increase to the Group's costs at the time of recontracting; however, the Group includes a clause for annual inflationary increases in contracts as part of its standard terms and conditions to provide flexibility during a customer contract. The Group's largest overhead cost relates to its people. In FY23, the Group undertook a significant reorganisation of its workforce to centralise support functions and remove the regional management overhead. The Group regularly reviews its performance and has the capability and operational agility to react quickly to cut further cost from business if needed.
Liquidity and going concern	The Group has experienced a decline in share price and has been consuming cash over recent years. In the event that the Group needed to raise additional funds it could be expensive or dilutive (in the case of equity).	essensys ensures sufficient liquidity is available to meet foreseeable needs. Customer contracts for the essensys Platform are generally for a 3-year term, which provides certainty of contracted future cash flows and the ability to take early action if necessary. Further to this and as described above, the Group undertook a global reorganisation during FY23 to position the business for a return to profitability and cash generation. The lower headcount and operating cost base are designed to enable the Group to have sufficient liquidity to cover its cash needs for the foreseeable future and the Group has additional headroom through a committed £2 million facility entered into during FY24 until July 2025. A detailed cashflow is produced and the Board reviews cash reports every month to ensure there is sufficient cash to continue to invest in the essensys Platform and future developments to meet the requirements of current and future essensys customers.

Approval

This Strategic Report was approved by the Board and signed on its behalf by:

Mark Furness
Chief Executive Officer

25 November 2024

Corporate Governance Report

Is this section ⟶

Board of Directors

Jon Lee

Independent Non-Executive Chairman

Aged 59

Jon joined the Board in May 2019, in advance of the IPO. Jon has extensive experience in running software businesses in the US and Europe, including the UK. He is an experienced company director, having held multiple board positions, including London Bridge Software Holdings plc, a public company, where he was CEO. Jon has an MBA from MIT and is a Chartered Engineer and a Chartered Management Accountant. He is a founder of LBS Properties Ltd, a property development management company focused on the residential and commercial sectors of the Central London market. Jon is also a founder of a venture capital fund, The Technology and Innovation fund LP, focused on the B2B software sector.

Mark Furness

Chief Executive Officer

Aged 50

Mark founded the Group in 2006 and has led the business since launch. Prior to essensys, Mark had over a decade's previous experience in the IT and telecommunications industry, including sales, general management and senior leadership roles. He has worked across the UK and Asia Pacific with major telecommunications companies such as Cable and Wireless and Optus, and more recently with IP communications and cloud services provider, Viatel.

Greg Price

Chief Financial Officer

Aged 48

Greg joined the Group in October 2024. He is a chartered accountant with over 20 years' experience in senior finance roles having previously served as Chief Financial Officer of AIM-listed software and technology business Checkit plc. Greg Price joined Checkit in 2020 as Director of Finance and was responsible for leading the Group's digital transformation programme. Greg was appointed as CFO a year later and was also responsible for Operations. Prior to joining Checkit, Greg was Chief Financial Officer for Cargo Logic Air. Greg spent almost ten years at Diageo, before holding senior positions at Monarch and The AA.

Charles Butler

Independent Non-Executive Director

Aged 51

Charles joined the Board in May 2019, in advance of the IPO. Charles is a chartered accountant with over two decades experience in senior and board level positions in growth and digital technology businesses, including those listed on AIM. These included as CEO of Market Tech Holdings plc, a property and digital technology group which he led from successful IPO to AIM, raising over £1bn in equity and debt, through to its subsequent takeover, and as Group CEO at NetPlay TV, the interactive gaming company. Charles is now a partner in Belerion Capital, an investment manager specialising in E-commerce and technology, Chairman of Mysale Group Plc, a leading international online retailer listed on AIM and Chairman of Highcroft Investments plc, a REIT listed on the main list of the London Stock Exchange.

Board and committee meeting attendance

During the financial year there were eleven formally scheduled Board meetings. The table below sets out the attendance history for each Director at Board, and where relevant, Committee meetings held during the financial year. During the reporting period, on four occasions the board delegated authority to a subcommittee of the Board to approve specific matters.

Board	Board	Audit Committee	Remuneration Committee
Jon Lee	11/11	3/3	3/3
Mark Furness	11/11	–	3/3
Charles Butler[1]	11/11	3/3	1/3
Sarah Harvey[2]	11/11	3/3	3/3
Elizabeth Sandler[3]	9/11	–	2/3
Alex Notay[3]	9/11	2/3	2/3

1 Charles Butler became a member of the Remuneration Committee from 1 July 2024

2 Sarah Harvey resigned as a director on 31 July 2024

3 Elizabeth Sandler and Alexandra Notay resigned as directors on 30 June 2024

Directors' Report

The Directors present their report and the audited financial statements of essensys plc ("the Company") and its subsidiaries (together "essensys or "the Group") for the year ended 31 July 2024. An indication of likely future developments in the business and any research and development activities are set out in the Strategic Report.

Principal activity

The principal activity of the Group is the provision of software and technology platforms that manage clients' critical technology infrastructure and business processes, primarily to the flexible workspace segment of the real estate industry.

Directors

The directors of the Company who served during the year and up until the date of signing of this report were as follows:

- Charles Butler
- Mark Furness
- Sarah Harvey (resigned 31 July 2024)
- Jon Lee
- Alex Notay (resigned 30 June 2024)
- Greg Price (appointed 14 October 2024)
- Elizabeth Sandler (resigned 30 June 2024)

Director indemnification and insurance

The Group maintains Directors' and Officers' liability insurance for each of its directors. The insurance covers any liabilities that may arise to a third party, other than the Group or the Company, for negligence, default, or breach of trust or duty.

Results and dividends

The loss for the period, after taxation, amounted to £3.3m (FY23: loss of £15.7m).

No interim dividends were paid by the Company and the Directors do not recommend the payment of a final dividend.

Financial risk management objectives and policies

Liquidity risk

The Group seeks to minimise financial risk by ensuring sufficient liquidity is available to enable it to invest and grow the business profitably. See below and note 3 to the financial statements for consideration of the ability of the group to continue as a going concern.

Credit risk

The principal credit risk for the Group arises from its trade debtors. In order to manage the credit risk, the Directors set limits for customers based on ageing and size of debt. The Group proactively manages its trade debtors.

Foreign exchange risk

A significant proportion of the Group's operations are denominated in foreign currency, principally US dollars. Since the Group reports its financial results in sterling, fluctuations in rates of exchange between sterling and the non-sterling currencies, particularly US dollars, may have a material adverse effect on the Group's results of operations. The Group does not currently engage in any currency hedging transactions intended to reduce the effect of fluctuations in foreign currency exchange rates on its results as it does not currently anticipate any significant actual foreign currency movements due in part to the partial natural hedge that exists as a result of the operational and financial independence of its US business. The Group keeps its foreign exchange hedging policy under regular review.

Going concern

The financial statements on pages 51 to 92 have been prepared on the going concern basis. Considering the cash balance and after making appropriate enquiries, the Directors consider that the Company and the Group have adequate resources to continue in business for the foreseeable future. As part of their enquiries the Directors reviewed budgets, projected cash flows and other relevant information (including financial performance sensitivities) for the 12 months from the date of approval of the Consolidated Financial Statements for the year ended 31 July 2024. This included an assessment of a variety of adverse trading scenarios. More detail is provided in note 3 to the Consolidated Financial Statements.

Political donations

The Company made no political donations during the year (FY23: nil).

Greenhouse gas emissions

essensys plc is not in scope for the requirement under Part 15 of the Companies Act 2006 or TCFD disclosures. Thus, no information is disclosed for these purposes.

Directors Remuneration

Details of Directors' remuneration is set out in the Remuneration Committee Report of the Board on page 39.

Directors Interests

As at 31 July 2024 and the date of this report, the Directors of the Company held the following interests in the ordinary shares of essensys plc (either directly or indirectly):

Name	Number of ordinary shares	Percentage of ordinary shares (%)
Charles Butler	46,358	0.07
Mark Furness	19,700,000	30.46
Jon Lee	128,635	0.20

Substantial shareholders

As at 31 July 2024, the Shareholders listed below had a disclosable interest of 3% or more in the nominal value of the ordinary share capital of the Company:

	As at 31 July 2024		As at 31 July 2023	
Name	Number of ordinary shares	Percentage of ordinary shares (%)	Number of ordinary shares	Percentage of ordinary shares (%)
Mark Furness	19,700,000	30.46	19,700,000	30.47
Canaccord Genuity Group Inc	7,620,000	11.78	8,606,860	13.31
Amati Global Investors Limited	4,002,000	6.19	4,002,000	6.19
GPIM	3,007,909	4.65	2,043,249	3.16
Liontrust Asset Management	2,330,749	3.60	2,330,749	3.61
Barius Capital Mgt	2,600,000	4.02	–	–
Mr William Currie	2,031,891	3.14	2,001,891	3.10

Purchase of Own Shares

There was no purchase of own shares in the financial year.

Corporate Governance

The Company has adopted the Quoted Companies Alliance Corporate Governance Code for Small and Mid-Size Quoted Companies ("QCA Code") as set out in the Statement of Corporate Governance on pages 32 to 36.

Directors' responsibilities statement

The Directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and Company financial statements in accordance with UK adopted international accounting standards. 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 Group and Company and of the profit and loss of the Group for that period.

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

- select suitable accounting policies for the Group and Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK adopted international accounting standards subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

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

Website publication

The Directors are responsible for ensuring that the annual report and the financial statements are made available on the Company's website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Matters covered in the Strategic Report

As permitted by paragraph 1A of schedule 7 to the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulation 2008, certain matters which are required to be disclosed in the directors' report have been omitted as they are included in the Strategic Report on pages 11 to 14.

Disclosure of information to the auditor

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

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

Auditor

In January 2024 Haysmacintyre LLP were appointed as the Group's new external auditor, to commence their work with the audit of the financial statements for 31 July 2024. Simultaneously, BDO LLP resigned by notice to the Group under section 516 of the Companies Act 2006 and has confirmed that there are no matters connected with their resignation which they consider need to be brought to the attention of the members or creditors of the Group for the purposes of section 519 of the Companies Act 2006. On 18 November 2024, the Group's auditor changed its name from Haysmacintyre LLP to HaysMac LLP. As recommended by the Audit Committee and pursuant to section 487 of the Companies Act 2006, the Company will propose a resolution at the AGM to reappoint HaysMac LLP as auditor and authorise the Directors to agree their remuneration.

Annual General Meeting

The Annual General Meeting of the Company will be held on 18 December 2024 at the Company's registered office. The Notice convening the meeting and information about the proposed resolutions accompanies this Annual Report and Accounts. Shareholders wishing to cast their vote are advised to submit their votes on each resolution via proxy in advance of the meeting.

Approval

The Directors' Report was approved by the Board and signed on its behalf by:

Mark Furness
Chief Executive Officer

25 November 2024

Statement of Corporate Governance

I am pleased to present the Corporate Governance Statement as Chairman of the Board of Directors of essensys plc (essensys, or the Company/Group as the context requires). As Chairman, it is my responsibility to ensure that essensys has both sound corporate governance and an effective Board. Since the Company listed on AIM in May 2019, it has chosen to adopt the Quoted Companies Alliance's Corporate Governance Code for Small and Mid-Size Quoted Companies (the "QCA Code"), to the extent it is appropriate having regard to the Company's size, board structure, stage of development and resources.

The Directors of essensys recognise the value of good corporate governance in every part of the business. The Board considers that compliance with the QCA Code will enable us to serve the interests of all our key stakeholders, including our shareholders, and will promote the maintenance and creation of long-term value in the Company. This report describes our approach to governance, including information on relevant policies, practices and the operation of the Board and its Committees. Additional detail on how the Company has applied the QCA code is also provided in the corporate governance section of our website: https://essensys.tech/investors-corporate-governance/. The Company has complied with the QCA Code throughout the year to 31 July 2024.

1

Establish a purpose, strategy and business model which promote long-term value for shareholders

essensys' software is designed and developed to serve the specific requirements of flexible workspace providers, removing operational complexity and enabling them to operate and scale more efficiently and the Group remains focussed on the flexible workspace sector, expanding its software and services offering and growing its customer base internationally. Details of the Group's strategy and business model can be found in the Strategic Report and on the Group's website: https://essensys.tech/investors/company-documents.

The key challenges in executing the Group's strategy are set out in the principal risks and uncertainties section of this Annual Report.

2

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

The Board promotes a corporate culture that is based on sound ethical principles and behaviours. The Board recognises that the tone set by its decisions regarding strategy and risk may impact the corporate culture of the Group as a whole and on the way that employees and other stakeholders behave, which in turn will impact the performance of the Company.

The Group operates in a manner that encourages an open and respectful dialogue with employees, customers and other stakeholders and the Board considers that sound ethical values and behaviours are crucial to the ability of the Group to achieve its corporate objectives. The Group is committed to the highest standards of personal and professional ethical behaviour, and this must be reflected in every aspect of the way in which the Group operates. The Board places great importance on this aspect of corporate life and seeks to ensure that all that the Group does supports these high standards. The Group promotes a healthy, transparent and communicative culture through consistent messaging and regular employee engagement activities. The Group conducts employee surveys and engages with various employee groups such as line managers. Feedback from employee surveys and other employee engagement activities are reported to the Board on an ad hoc basis.

The Group has a whistleblowing policy which emphasises the importance to the business that any fraud, misconduct or wrongdoing by staff or officers of the Group is reported and properly dealt with. The policy applies to all employees and officers of the Group. Other individuals performing functions in relation to the Group, such as agency workers and contractors, are encouraged to use it. Any fundamental breach of the Companies Policies, including those within the Employee Handbook would be reported to the Board.

essensys is accredited to ISO 9001 (Quality Management System) and ISO 27001 (Information Security Management System). The Group has a robust operational risk management process which involves a broad range of Group personnel thus ensuring that all employees understand its importance.

The terms of reference of the Audit Committee include:

- reviewing the adequacy of the Company's whistleblowing arrangements;
- reviewing the Company's systems and controls for the prevention of bribery and fraud; and
- receiving reports on non-compliance.

3

Seek to understand and meet shareholder needs and expectations

The Board is committed to providing shareholders with clear and transparent information on essensys' financial position and strategy. Any published announcements, financial reports and key documents are publicly available and will be regularly updated on the Group's website. Directors will meet with selected key shareholders and research analysts following the announcement of results and obtain appropriate feedback.

The Board reviews the success of shareholder engagement and takes appropriate steps to improve engagement based on shareholder feedback.

Actions taken to engage with shareholders during the year include investor roadshows and meetings with key investors and analysts. This provides the Board with the opportunity to express its vision for the Company and garner feedback on progress with regards to strategy.

The Company's Annual General Meeting (AGM) is scheduled to take place on 18 December 2024. The AGM can be an excellent opportunity for shareholders to engage with the board and ask questions. The results of the AGM are published on the Company's website. All 2023 resolutions were passed comfortably.

The Board continues to make itself available to shareholders on an ad hoc basis and encourages an open dialogue.

The Company Secretary, Abigail Hill, (company.secretary@essensys.tech) is the main point of contact for such matters and the Chief Executive Officer is principally responsible for such communication with shareholders.

4

Take into account wider stakeholder interests, including social and environmental responsibilities, and their implications for long-term success

essensys recognises that it is responsible not only to its shareholders, but to a wider group of stakeholders, both internally (members of staff) and externally (customers, suppliers, regulators and others). essensys acts with integrity and values people, from its members of staff to those who form the communities with which it engages. The Board has put in place a range of processes and systems to ensure there is close oversight and contact with its key resources and relationships.

The Board is regularly updated on wider stakeholder engagement feedback to stay abreast of stakeholder insights into the issues that matter most to them and to essensys' business and the Board takes account of such feedback when in discussions relating to the Group's strategy.

The Group's Section 172 statement providing further information on consideration of various stakeholders can be found on page 16.

5

Embed effective risk management, internal controls and assurance activities, considering both opportunities and threats, throughout the organisation

The Board is responsible for determining the nature and extent of significant risks that may have an impact on essensys' operations, and for maintaining an effective risk management framework.

The Board, assisted by the Audit Committee, reviews its internal control procedures and risk management mechanisms on an annual basis and assesses both for effectiveness. Under its risk management framework, the Board has carried out an assessment of the principal risks and uncertainties affecting essensys' business, considered how these could affect operations, performance and solvency and what mitigating actions, if any, can be taken.

The Chief Financial Officer is the executive responsible for day to day risk management and manages a quarterly cycle of risk management review through a Risk Committee which reports to the senior leadership team and the Board.

Whilst a review of risk-related matters is a regular item on the Board's annual calendar of agenda items, risks and opportunities are continually considered when the Board is making decisions about the business and strategy of the Group. The principal risks and uncertainties affecting the Group and the mitigation actions or factors are set out on page 22.

6

Establish and maintain the board as a well-functioning, balanced team led by the Chair

The Directors have a collective responsibility and legal obligation to promote the interests of the Company and are collectively responsible for defining corporate governance arrangements. Ultimate responsibility for the quality of, and approach to, corporate governance lies with the Chairman.

The Board is currently comprised of two Executive and two Non-Executive Directors. The Board considers that it has an appropriate balance for the Group in its current size and complexity. Jon Lee is the Company's independent Non-Executive Chairman and Charles Butler is the other independent Non-Executive Director. Mark Furness (Chief Executive Officer) and Greg Price (Chief Financial Officer) are the Company's Executive Directors. The Executive Directors work full time for the business.

Meetings are open and constructive, with every Director participating fully. Senior management are invited to meetings from time to time, providing the whole Board with the opportunity for direct enquiry and a thorough overview of the Group. The Board and the committees of the Board are provided with high quality information, in a timely manner, to facilitate proper assessment of the matters requiring a decision or insight. The Chairman ensures that any feedback or suggestions for improvement on Board papers is provided to management.

The Board has delegated specific responsibilities to the Audit Committee and the Remuneration Committee to facilitate and improve the effectiveness of the Board, further details of which are provided under Principle 9 below. The Board does not consider it currently necessary to establish a Nomination Committee and as a result all matters relating to succession planning and Board composition will be managed by the full Board, or directly by the Chairman, as appropriate.

The Board is satisfied that the Chairman and all the Directors are able to commit the time necessary to fulfil their respective roles. For the financial year ended on 31 July 2024, eleven Board meetings took place, which were attended by all Directors appointed at the time of each meeting. Three Audit Committee meetings took place during the period, attended by all appointed Committee members. There were three Remuneration Committee meetings during the period, attended by all appointed Committee members.

When considering future Board appointments, prospective Non-Executive Directors will be requested to confirm they can make the required time commitment before accepting an appointment to the Board.

The contracts or letters of appointment of all Directors are available for inspection at the Company's registered office during normal business hours.

Directors' conflict of interest

The Company has effective procedures in place to monitor and deal with conflicts of interest. The Board is aware of the other commitments and interests of its Directors, and changes to these commitments and interests are reported to and, where appropriate, agreed with the rest of the Board.

7

Maintain appropriate governance structures and ensure that individually and collectively the directors have the necessary up-to-date experience, skills and capabilities

The Directors are satisfied that the balance of Executive and Non-Executive Directors remains appropriate and that no individual or group may dominate the Board's decisions. The Board considers that each of the Directors has the experience and knowledge to constructively challenge the Group's strategy and to provide the necessary guidance, oversight and advice to enable the Board to operate effectively. The Group believes that the current balance of skills in the Board reflects a broad range of commercial and professional skills. The Chairman and other Non-Executive Director communicate with each other as necessary and meet, informally, without the presence of the Executive Directors from time to time during the year. Additionally, they each maintain ongoing communications with Executives between formal Board meetings.

In addition to their general Board responsibilities, Non-Executive Directors are encouraged to participate in other Group meetings or in matters when their individual areas of expertise may be of value.

The Company Secretary ensures that all Directors are kept abreast of changes in relevant legislation and regulations, with the assistance of the Company's other advisers where relevant, as well as helping the Chairman to maintain excellent standards of corporate governance.

The Executive Directors are subject to the Company's performance and development review process through which their performance against predetermined objectives is reviewed and their personal and professional development needs considered. The Directors are encouraged to raise any personal development or training needs with the Chairman.

The Non-Executive Directors have a breadth and depth of skills and experience across many different sectors enabling them to provide the necessary guidance, oversight and advice for the Board to operate effectively.

In order to keep Director skill sets up to date, the Board uses third parties to advise the Directors of their responsibilities including receiving advice from the Company's external lawyers and Nominated Adviser.

Board composition is always a consideration in relation to succession planning. The Board will consider any Board imbalances for future nominations, including Board independence and gender balance.

The Board generally meets formally once a month and otherwise as required. The Board has delegated specific responsibilities to the Audit and Remuneration Committees. Each committee reports to the Board and has written terms of reference setting out its duties, authority and reporting responsibilities. The terms of reference for each committee are regularly reviewed to ensure that they remain appropriate and to reflect any changes in legislation, regulation or best practice. The reports of the Audit and Remuneration Committees are set out on pages 37 and 39 respectively.

The Chairman's principal responsibilities are to ensure that the Company and its Board are acting in the best interests of shareholders, and leadership of the Board is undertaken in a manner which ensures that the Board retains integrity and effectiveness, with the right Board dynamic and ensuring that all important matters, in particular strategic decisions, receive adequate time and attention at Board meetings.

The CEO has, through powers delegated by the Board, the responsibility for leadership of the management team in the execution of the Group's corporate strategies and for the day-to-day management of the business. The CEO can be assisted in his duties by the CFO. The CEO is also the principal contact for liaison with shareholders and, together with the CFO, all other stakeholders.

The independent Non-Executives Directors are tasked with constructively challenging the decisions of executive management and satisfying themselves that the systems of business risk management and internal financial controls are robust. The Executive Directors seek regular counsel from the Non-Executive Directors outside of Board meetings.

There is a formal schedule of "Matters Reserved for the Board" which include matters relating to:

- strategic aims and objectives and approval of budgets;
- structure and share capital;
- financial reporting and controls and dividend policy;
- maintenance of a sound system of internal controls and risk management;
- banking and financing arrangements;
- significant contracts;
- communication with shareholders; and
- changes to Board structure and composition.

The appropriateness of the Board's structures and processes is reviewed through the ongoing Board evaluation process and on an ad hoc basis by the Chairman (see Principle 7). The governance structures are expected to evolve in parallel with the Company's objectives, strategy and business model.

8

Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

The structure of the Board is reviewed periodically to ensure that it remains appropriate for the Company and Group.

During the year, the Board conducted a formal internally-led board and committee evaluation process. All directors completed a survey providing feedback on various aspects of the Board and Committee's performance. Detailed feedback was provided to, and considered by, the Board and each Committee.

The survey sought Directors' feedback on areas including:

- effectiveness in setting strategy;
- the Board's approach to monitoring of performance monitoring;
- information flows between the Board and senior management;
- the format, conduct and effectiveness of meetings, and of the materials supporting those meeting;
- appropriateness of the Board composition and sufficiency of skills to discharge duties;
- Board size and compositions; and
- The contribution of individual directors.

The evaluation findings indicated that the Board, its committees, the Chairman and each of the Directors continued to work effectively. The feedback received provided a useful insight into areas that the Board was doing well, together with areas where the work of the Board could be developed. Areas for further discussion were identified, and a follow up review was led by the Chairman to further develop the performance of the Board for the year ahead. The Company Secretary remains available to provide advice on governance matters and board effectiveness.

The Company considers succession planning in respect of the Board and other members of the Group's senior management, as appropriate, as part of its routine reviews of Board effectiveness and succession planning matters.

Performance review of the Executive Directors is undertaken by the Remuneration Committee who make recommendations to the Board on matters relating to the performance and remuneration of the Executive Directors. The Non-Executive Directors meet, without the Chairman present, to evaluate the Chairman's performance, taking into account input from all the Directors.

9

Establish a remuneration policy which is supportive of long-term value creation and the company's purpose, strategy and culture

The Board has established a Remuneration Committee which is responsible for determining the Company's policy on the structure of remuneration of the Company's Executive Directors and if required, senior management. The objectives of this policy are to:

- Reward Executive Directors and senior management in a manner that ensures that they are properly incentivised and motivated to perform in the best long-term interests of shareholders;
- Provide a level of remuneration required to attract and motivate high-calibre Executive Directors and senior management of appropriate calibre, from and increasingly international talent pool;
- Encourage value creation through consistent and transparent alignment of incentive arrangements with the agreed company strategy over the long term; and
- Ensure the total remuneration packages awarded to Executive Directors, comprising both performance-related and non-performance-related remuneration, is designed to motivate the individual, align their interests with shareholders and comply with corporate governance best practice.

10

Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other key stakeholders.

The Board is committed to maintaining effective communication and having constructive dialogue with its shareholders and key stakeholders. The Company has ongoing relationships with both its private and institutional shareholders (through meetings and presentations) as well as shareholder analysts, and for them to have the opportunity to discuss issues and provide feedback at meetings with the Company. The Company communicates progress with shareholders and stakeholders throughout the year by publishing announcements via a Regulatory Information Service, its Annual and Interim Report and Accounts (including the section 172 statement), and through update meetings as necessary.

At essensys' 2023 AGM, all resolutions were passed with over 90% support for each resolution. The Board maintains that, in line with corporate governance good practice, if there is a resolution passed at a general meeting with more than 20% votes against, the Company will seek to understand the reason for the result and, where appropriate, take suitable action.

The Group's website is kept up to date with appropriate governance material, and contains details of relevant developments, press and corporate news and presentations. The results of shareholder votes are notified on the Group's website where a significant proportion of votes are cast against a resolution at any general meeting, and in such an instance the Company will include an explanation of what actions it intends to take to understand the reasons behind that vote result, and, where appropriate, any different action it has taken, or will take, as a result of the vote.

Board Committees

The Board has established an Audit Committee and a Remuneration Committee with delegated duties and responsibilities.

Audit Committee

Charles Butler, Non-Executive Director, is Chair of the Audit Committee and I am the other member of the Committee. The Audit Committee is responsible for ensuring that the financial performance, position and prospects for the Group are properly monitored, controlled and reported on and for meeting the auditors and reviewing their reports relating to accounts and internal controls. The Audit Committee also monitors progress on delivery of controls improvements and internal assurance on their operation. A report by the Chair of the Audit Committee is included on page 37.

Remuneration Committee

I am the Chair of the Remuneration Committee and the other member of the Committee is Charles Butler. The Remuneration Committee is responsible for reviewing performance of Executive Directors and determining the remuneration and basis of service agreements. The Remuneration Committee also determines the payment of any bonuses to Executive Directors and the grant of options. When considering such matters, the Committee is mindful of the broader context of remuneration across the Group, in the Company's sector and in terms of market trends and investor expectations. A report by the Chair of the Remuneration Committee is included on page 39.

Jon Lee
Non-Executive Chairman

25 November 2024

Audit Committee Report

As the Chair of the Audit Committee of the Company ("Committee"), I present my Committee Report for the year ended 31 July 2024, which has been prepared by the Committee and approved by the Board.

Committee Meetings and Attendance

The members of the Committee are myself, as chair, and Jon Lee. Alexandra Notay was a member of the Committee until 30 June 2024. The Board considers that I have sufficient, relevant financial experience to chair the Committee given that I am a chartered accountant with over two decades experience and numerous Board positions outside of the Company.

The Committee is required by its Terms of Reference to meet as frequently as the Committee Chairman shall require, and also at regular intervals to deal with routine matters and, in any event, at least three times in each financial year. During the year the Committee met three times.

Committee Objectives and Responsibilities

The Committee's main responsibilities can be summarised as follows:

- To report on and review the Company's financial performance;
- To monitor the integrity of the Company's financial statements and any formal announcements relating to the Group's financial performance;
- To review the Company's internal financial controls and risk management systems;
- To review any changes to accounting policies;
- To make recommendations to the Board in relation to the appointment of the external auditors;
- To make recommendations to the Board concerning the approval of the remuneration and terms of engagement of the external auditors;
- To review and monitor the extent of the non-audit services undertaken by external auditors;
- To review and monitor the external auditors' independence and objectivity; and
- To consider any matter specifically referred to the Committee by the Board.

Committee Activities

The Committee is responsible for reviewing and reporting to the Board on the Company's financial performance, monitoring the integrity of the Company's financial statements (including Annual and Interim Accounts and results announcements), reviewing internal control and risk management, and reviewing/monitoring the performance, independence and effectiveness of the Company's external auditors.

The Committee's primary activities over the year comprised meeting with the external auditors, considering the audit approach, scope and timetable, and reviewing the key audit matters for the FY23 and FY24 audits.

As part of the year end audit, the Committee:

- met with the external auditors to review and approve the annual audit plan and receive their findings and report on the annual audit;
- considered significant issues, areas of judgement and key audit matters with the potential to have a material impact on the financial statements, including the Group's revenue recognition policy, impairment of goodwill and the capitalisation of development costs;
- reviewed the going concern assessment, including the modelled stress-testing scenarios;
- reviewed and approved the interim and year end results and accounts; and
- reviewed and approved the non-audit services tendered by the Company.

External independent auditor

The detailed independent report of the auditor is shown on pages 44 to 50.

The appointment of the independent external auditor is approved by shareholders annually. The audit of the financial statements is conducted in accordance with International Standards on Auditing (UK) (ISAs), issued by the Auditing Practices Board.

There are no contractual obligations that act to restrict the Committee's choice of external auditor.

BDO LLP was appointed as independent auditor for FY23, with re-appointment for FY24 approved by shareholders at the Annual General Meeting held on 7 December 2023.

In FY24, the Committee recommended to the Board the appointment of a new auditor. The Committee ran a competitive tender exercise to ensure that the Group receives value for money and the Group's auditor for FY24 is better suited to the profile of the Group. Following the tendering exercise, the Group appointed Hayesmacintyre LLP as its new external auditor. BDO LLP, the previous auditor, resigned and confirmed that there were no matters connected with their resignation which they considered needed to be brought to the attention of the members or creditors of the Group. On 18 November 2024, the Group's auditor changed its name from Haysmacintyre LLP to HaysMac LLP.

The Committee monitors the relationship with the external auditor, HaysMac LLP, to ensure that auditor independence and objectivity is maintained. The Committee also monitors the provision of any non-audit services by the external auditor (if any). During the year no non-audit services have been provided to the Company by the external auditor. The Committee recommends that HaysMac LLP be put forward to shareholders for re-appointment for the next financial year.

Internal audit

The Committee considers that, taking account of the size and structure of the Group's trading and assets, an internal audit function is not currently required. The Committee will keep this under review to ensure that as the Group develops and complexity increases, appropriate resources are dedicated to the creation of an internal audit function.

Risk management

As described in section 4 of the Corporate Governance Report, the Group has established a framework of risk management and internal control systems, policies and procedures. The Committee is responsible for reviewing the risk management and internal control framework and ensuring that it operates effectively. During the year, Committee has reviewed the framework and is satisfied that it is operating effectively.

Committee Effectiveness

The Committee performed an assessment of its effectiveness in July 2024, facilitated by the Company Secretary through a briefing and completion of a questionnaire to elicit views on the effectiveness of the Committee. The assessment findings were reviewed during the year with no significant actions required.

Financial Reporting

The Committee concluded that the Annual Report and Financial Statements, taken as whole, were fair, balanced and understandable and provided the information necessary for shareholders to assess the Group's business model, strategy and performance.

The Committee considered the budget for FY25 together with appropriate sensitivities and concluded that the going concern basis is appropriate. The Committee also reviewed the Strategic Report and concluded that it presented a useful and fair, balanced and understandable review of the business.

Charles Butler
Chair of the Audit Committee

25 November 2024

Remuneration Committee Report

As the Chair of Remuneration Committee of the Company ("Committee"), I present my Remuneration Committee Report for the year ended 31 July 2024, which has been prepared by the Committee and approved by the Board.

This Report will be put to an advisory vote at the Company's Annual General Meeting on 18 December 2024.

Committee Meetings, Attendance and Activities

I was appointed as Chair of the Committee and Charles Butler was appointed member of the Committee on 30 June 2024. Until 30 June 2024, Elizabeth Sandler was Chair of the Committee and Alexandra Notay was a member of the Committee.

The Committee is required by its Terms of Reference to meet as frequently as the Committee Chairman shall require and also at regular intervals to deal with routine matters and, in any event, at least twice in each financial year. During the year the Committee met three times.

Committee Objectives and Responsibilities

The Committee's main responsibilities can be summarised as follows:

- To determine the framework or broad policy for the remuneration of the Chairman, the Executive Directors, and such other senior executives as it is requested by the Board to consider. The remuneration of Non-Executive Directors shall be a matter for the Chairman and the Executive Directors of the Board. No Director shall be involved in any decisions as to their own remuneration;
- To determine such remuneration policy, taking into account all factors which it deems necessary (including relevant legal and regulatory requirements);
- To review the ongoing appropriateness and relevance of the remuneration policy, including policy comparisons with market competitors;
- To design and determine targets for any performance related pay schemes operated by the Company and approving the total annual payments made under such schemes;
- To review the design of, and any changes to, all share incentive plans;
- To advise on any major changes in employee benefits structures throughout the Company;
- To review the structure, size and composition of the Board, including the skills, knowledge and experience;
- To give full consideration to succession planning;
- To review remuneration of new Board appointments; and
- To consider any matter specifically referred to the Committee by the Board.

Remuneration Committee activities in FY24

In addition to the responsibilities of the Committee outlined above, the Committee also undertook the following activities during the year:

- Review of share option allocation across key Group personnel for retention purposes.
- Approval of the remuneration arrangements for the appointment of the new Chief Financial Officer.

Remuneration policy

The Remuneration Committee determines the Company's policy on the structure of remuneration of the Company's Executive Directors and if required, senior management. The objectives of this policy are to:

- Reward Executive Directors and senior management in a manner that ensures that they are properly incentivised and motivated to perform in the best long-term interests of shareholders;
- Provide a level of remuneration required to attract and motivate high-calibre Executive Directors and senior management of appropriate calibre, from and increasingly international talent pool;
- Encourage value creation through consistent and transparent alignment of incentive arrangements with the agreed company strategy over the long term; and
- Ensure the total remuneration packages awarded to Executive Directors, comprising both performance-related and non-performance-related remuneration, is designed to motivate the individual, align their interests with shareholders and comply with corporate governance best practice.

Directors remuneration

Annual salaries and NED fees

Salaries are reviewed annually with effect from 1 January taking into account inflation, salaries paid to other employees within the Group, salaries of equivalent roles in comparable companies, as well as Group and personal performance. Salaries of Executive Directors are determined by the Remuneration Committee with advice, as appropriate, from external remuneration advisers. The Committee concluded that there should be no increase in remuneration for the members of the Executive Directors during FY24.

The Board collectively decides the remuneration of the Chairman and Non-Executive Directors, mindful of the time commitment and responsibilities of our roles and of current market rates for comparable organisations and appointments. The Non-executive director fees for the year commencing 1 August 2024 are set out below.

Following the remuneration review noted above base salaries and fees for directors effective from 1 August 2024 are as follows:

Name	Salaries / fees from 1 August 2024 £'000	Salaries / fees from 1 August 2023 £'000
Mark Furness	**253**	253
Jon Lee	**80**	80
Charles Butler	**55**	55

Jon Lee's fee comprises a chairman's fee of £80,000. Charles Butler's fee comprises a base non-executive fee of £50,000 plus a fee of £5,000 for chairing the Audit Committee.

After the year end, Greg Price was appointed as Chief Financial Officer with effect from 14 October 2024. Greg Price's base salary is £200,000.

Pension

Executive Directors receive a pension contribution of 10% of base salary.

Performance Bonus (audited)

The Group operates a performance bonus scheme that is applicable to the whole business including the Executive Directors and the Group's senior management.

Performance conditions are in line with the Group's strategy and are assessed based on the achievement of stretching revenue targets (75% weighting) supported by an EBITDA underpin and performance against non-financial strategic objectives (25% weighting). The maximum bonus opportunity is 60% of base salary for the executive directors, with threshold revenue performance resulting in 20% of the maximum bonus being payable.

For the financial year ended 31 July 2024, as a result of the Group not achieving its revenue targets or progressing its strategic objectives to target levels, no bonuses are payable to the Executive Directors or the Group's senior management. The Committee continues to set stretching targets in order to focus the executive management on business growth.

The performance bonus scheme for FY25 has been changed to have targets 1/3 based on revenue,1/3 based on adjusted EBITDA and 1/3 on cash level at the year end. The maximum bonus opportunity continues to be 60% of base salary for the executive directors, with threshold performance across all parameters resulting in 33% of the maximum bonus being payable. Clawback and malus provisions are incorporated into the bonus plan rules.

Long Term Incentives (audited)

The Company operates a Long-Term Incentive Plan ("LTIP") and a Company Share Option Plan ("CSOP"). The Company has also established a Non-Executive Director Plan (together "the Share Plans") although, as has been the case for some time, there is no current intention to make awards under this plan.

There was no grant of options to Executive or Non-Executive Directors in the year to 31 July 2024.

A breakdown of the Directors' interests in the long-term incentives awards is set out below.

Name	Date of Grant	Number of options	Exercise Price (p)	Vesting Date	Lapse Date	Performance Conditions
Mark Furness*	28 May 2019	397,351	0.25	28 May 2024	28 May 2029	Yes
Jon Lee	28 May 2019	49,669	151.00	28 May 2022	28 May 2029	No
Charles Butler	28 May 2019	33,113	151.00	28 May 2022	28 May 2029	No

* Mark Furness' 397,351 options with 0.25p exercise price awards issued on 28 May 2019 were subject to a performance condition requiring achievement of absolute total shareholder return ("TSR") (growth in share price plus dividends) over the vesting period. The baseline share price for the TSR performance condition is 151p, the placing price at the IPO. These performance conditions were not met at the vesting date of 28 May 2024, so his LTIP options have lapsed.

Clawback and malus provisions are incorporated within the LTIP rules.

Further details of employee share schemes are set out in note 28 to the financial statements.

Shareholding guidelines

A formal shareholding requirement of 100% of base salary was introduced at the end of FY22 with the aim that this would be achieved in time through the exercise of share options. Mark Furness exceeds this minimum requirement. Greg Price is expected to achieve this requirement through the exercise of share options in the future.

Directors' remuneration – current year (audited)

The remuneration for the Directors for the year ended 31 July 2024 was as follows:

Name	Base Salary and Fees £'000	Benefits £'000	Bonuses £'000	Pension £'000	2024 Total £'000	2023 Total £'000
Mark Furness	253	5	-	25	**283**	282
Sarah Harvey	220	5	-	22	**247**	247
Jon Lee	80	-	-	-	**80**	80
Charles Butler	55	-	-	-	**55**	55
Elizabeth Sandler[1]	50	-	-	-	**50**	55
Alexandra Notay[1]	45	-	-	-	**45**	50
TOTAL	703	10	-	47	**760**	769

[1] Elizabeth Sandler's and Alexandra Notay's remuneration is included for their period as a Non-Executive Director until 30 June 2024.

Committee Effectiveness

The Committee performed a self-assessment of its effectiveness during July 2024. The assessment findings were reviewed during the year with no significant actions required.

Jon Lee
Chair of the Remuneration Committee

25 November 2024

Financial Statements

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Independent Auditors Report to the Shareholders of essensys plc

Opinion

We have audited the financial statements of essensys PLC (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 July 2024 which comprise the consolidated statement of comprehensive loss and other comprehensive loss, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows, the company statement of financial position, the company statement of changes in equity, the company statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 July 2024 and of the group's loss for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

All audit procedures, including work performed over significant components, was carried out by the Group audit team as the finance function is controlled by group management based in the UK. Full scope audit procedures were performed over the three significant components of the group being essensys plc, essensys (UK) Limited and essensys Inc. Desktop review procedures were performed by the Group audit team over non-significant components with specific detailed testing performed over administrative expenses, including impairment charges in these entities to ensure sufficient coverage of this financial statement area from a Group perspective.

Key audit matters

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

Independent Auditors Report to the Shareholders of essensys plc continued

Key Audit Matter	How our scope addressed this matter
Fraud in revenue recognition The risk of incorrect treatment of income under *IFRS 15: Revenue from Contracts with Customers* ("IFRS 15") resulting in the overstatement of revenue. We specifically considered there to be a risk of the overstatement of revenue due to the Group being listed and revenue growth being a key KPI for the business.	We obtained management's analysis and accounting memorandum for the key revenue streams across the group and examined application of IFRS 15 provisions. A sample of contracts were selected for inspection to ascertain appropriate application of IFRS 15's 5-step approach to ensure management's interpretation and application of contract terms is in line with the revenue standard. Cash to revenue reconciliations were performed to agree the Group's sales transactions to subsequent cash recovery. A sample of revenue transactions was selected and agreed to appropriate evidence to validate the satisfaction by the Group of underlying contract performance obligations. We assessed the population of revenue transactions using data analytics techniques for presence of unusual transactions posted outside of the expected flow of double entry patterns associated with accounting for revenue. We substantively tested transactions around year-end date whereby a sample of transactions, including those that were material, unusual or unexpected revenue transactions (where applicable) were agreed to supporting documentation to ascertain appropriate timing for revenue recognition; and Our review also included an assessment of the appropriateness of the recognition of trade receivables, accrued income and deferred income.
Inappropriate capitalisation of development costs There is a risk that additions to intangible assets in the year are not correctly capitalised in line with IAS 38: Intangible Assets ("IAS 38") on the basis that they do not meet the capitalisation criteria per the standard. There is also a risk they are valued incorrectly due to inappropriate classification as development costs.	We obtained and critically assessed management's analysis and accounting memorandum on application of IAS 38 requirements for the development costs capitalised. A detailed review of project costs capitalised during the year was undertaken to ensure compliance with IAS 38 capitalisation criteria. Substantive testing procedures were performed whereby a sample of capitalised development cost transactions were agreed to supporting evidence with recalculation of expected amount capitalised. We verified and challenged management on the proportion of employees' time capitalised and corroborated underlying employee costs rates and percentages of qualifying expenses back to supporting documentation, such as timesheets and payroll records;

Key Audit Matter	How our scope addressed this matter
Inappropriate application and disclosure and disclosure of Going concern basis in preparing the financial statements The group has made continued losses during the year and has recorded continued cash outflows during the year. Therefore, there is a risk that the Group may not have sufficient funds and resources to fulfil its business plans and sustain its operations for at least the 12 months from the signing of the financial statements	We obtained management's going concern assessment as to whether the group should prepare its financial statements on the going concern basis, challenging key assumptions and inputs to said assessment. A review of cashflow forecasts was performed for the period of at least 12 months from the expected financial statements approval date and further where it was applicable and relevant for the analysis. We scrutinised key assumptions made by management in the budget and cash flow forecasts. We reviewed the forecasted performance against post-year-end management accounts to consider forecast accuracy and the extent to which appropriate sensitivity scenarios may need to be applied when assessing the degree of headroom available to the Group should prospective financial performance not be in line with expectations. We reviewed the sensitised scenarios prepared by management and performed our own sensitivity analysis to assess the reliability of the forecasts. We considered and examined cash flow mitigation measures management asserted were available to the Group in the event of adverse prospective financial performance during the going concern assessment period. We also considered the reasonableness of these measures including if they were realistic and capable of reducing cash outflows within a reasonable timeframe. We corroborated cash and working capital levels around the date of approval of the financial statements. We reviewed historical budgets vs actual performance to assist in our assessment of the group's ability to forecast with accuracy. We reviewed the going concern disclosures in the financial statements to ensure they are consistent with management's assessment and conclusions about the Group's ability to continue as a going concern. This included evaluating the assumptions underlying management's assessment and the projected future operations of the Group. We used our judgement to assess which mitigating actions proposed by management were of most significance and focused our assessment on these areas.
Impairment of intangible assets The losses incurred by the Group, could indicate a risk that the development costs and goodwill are impaired and materially overstated in the financial statements.	We reviewed management's impairment assessment regarding the Operate and Platform Cash Generating Units ("CGUs"). We obtained and reviewed management's formal impairment assessment which calculation of a value in use benchmark using a discounted cashflow calculation. We have challenged key input assumptions in management's discounted cash-flow calculation as follows: forecasted revenue volumes, including pipeline and market opportunities; revenue growth rate, weighted average cost of capital derived discount rates. We conducted a sensitivity analysis which included changes to the perpetuity assumptions, potential impact of negative macro-economic environment on forecasted performance and other elements as appropriate. As part of our sensitivity analysis, we have recalculated the value in use benchmark and compared it to that utilised by management and to the historical costs of the Group's intangible assets. We reviewed the fair value contribution of each development asset against the carrying value of the asset to determine whether impairment would be required.

Independent Auditors Report to the Shareholders of essensys plc continued

Key Audit Matter	How our scope addressed this matter
Recoverability of investments in subsidiaries and intercompany receivables (parent only financial statements) There is a risk that the investments and subsidiaries and intercompany receivables are materially overstated as the recoverable amount is lower than the carrying value due to the loss-making positions of the subsidiaries.	We obtained and critically assessed impairment assessments prepared by management for both the investments in subsidiaries value and the intercompany receivables. We critically assessed any judgements and estimates made in preparing discounted cash flows to assess the impairment of these balances as part of our work on these areas. Our audit of the forecasts and cashflows included testing to actuals and supporting documentation where appropriate. We also performed additional procedures due to the impairment indicators noted, including: • Considering any external indicators of impairment; • Consideration and assessment of sensitivity analyses prepared by management; and • Forming a range of values to assist in our determination as to whether there is evidence of impairment of these balances.

Our application of materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Company financial statements
Overall materiality (OM)	£411,000	£164,000
How we determined OM	1.70% of revenue	2% of total assets but capped at 40% of group materiality
Rationale for OM benchmark applied	Revenue has been used as the benchmark of materiality as this is a key KPI of the growing business to increase recurring revenue. Furthermore, AIM institutional and retail shareholders will base some of their decisions on consensus forecasts and how the company is performing against these with revenue and adjusted profit being the main drivers of the forecasts.	The Parent Company is not generating significant revenues and is primarily a holding company for its subsidiaries, and as such an asset based benchmark was determined to be appropriate. Due to the significance of the balance sheet, using an asset based benchmark would exceed group materiality and we have therefore restricted the Parent Company materiality to a proportion of Group materiality
Performance materiality (PM)	£267,000	£107,000
How we determined PM	65% of overall materiality	65% of overall materiality
Rationale for PM benchmark applied	The performance materiality of 65% of overall materiality was determined as appropriate for a listed group of this size, taking into account the following factors: this is a first-year audit engagement for HaysMac, resulting in a lower familiarity with the control environment; the Group is an AIM-listed entity with no external debt facilities and minimal prior year unadjusted errors; the prior year audit opinion was unqualified; there has been limited turnover in the finance team, which is experienced and technically strong, with good segregation of duties and controls in place; and the Group's operational risk is elevated due to its AIM listing. These considerations, combined with the limited areas of judgement and estimation, support the 65% threshold for performance materiality.	
Error reporting threshold	20,500 (5% of overall materiality)	£8,220 (5% of overall materiality)

Conclusions relating to going concern

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

Our evaluation of the director's assessment of the group's ability to continue to adopt the going concern basis of accounting is disclosed in the key audit matters section of our report.

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

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

Other information

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

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Based on our understanding of the Group, we identified that the principal risks of non-compliance with laws and regulations related to UK adopted international accounting standards, the Companies Act 2006, relevant tax legislation in the jurisdictions the Group operates and regulatory requirements for AIM listed companies, 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 preparation of the financial statements such including from those relevant laws and regulations listed above.

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 revenue and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing accounting journal entries, in particular those journal entries which exhibited the characteristics we had identified as possible indicators of irregularities;
- Challenging assumptions and judgements made by management in their critical accounting estimates;
- Review of minutes of meetings of those charged with governance for any instances of non-compliance with laws or regulations; and
- Enquiry of management, the Audit Committee and those charged with governance regarding any known or suspected instances of fraud.

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

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

Use of our report

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

Christopher Cork (Senior Statutory Auditor)
For and on behalf of HaysMac LLP, Statutory Auditors
10 Queen Street Place,
London, EC4R 1AG
25 November 2024

Consolidated Statement of Comprehensive Loss and Other Comprehensive Loss

for the year ended 31 July 2024

	Notes	2024 £000	2023 £000
Turnover	6	**24,131**	25,254
Cost of sales		**(10,393)**	(10,347)
GROSS PROFIT		**13,738**	14,907
Administrative expenses		**(19,051)**	(26,176)
Expected credit loss movement in provision		**(308)**	(1,037)
Share based payment credit/(expense)		**448**	(597)
Restructuring expenses	7	**(207)**	(2,610)
OPERATING LOSS	8	**(5,380)**	(15,513)
Interest receivable and similar income	11	**21**	216
Interest payable and similar charges	12	**(133)**	(164)
LOSS BEFORE TAXATION		**(5,492)**	(15,461)
Taxation credit/(charge)	13	**2,183**	(245)
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		**(3,309)**	(15,706)
OTHER COMPREHENSIVE LOSS			
Items that may be reclassified to profit or loss:			
Currency translation differences		**(59)**	(246)
OTHER COMPREHENSIVE LOSS FOR THE YEAR		**(59)**	(246)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(3,368)**	(15,952)
Basic and Diluted loss per share	14	**(5.1p)**	(24.4p)

The notes on pages 55 to 85 form part of these financial statements.

Consolidated Statement of Financial Position

Registered Number: 11780413

as at 31 July 2024

	Notes	2024 £000	2023 £000
ASSETS			
Non-current assets			
Intangible assets	15	**9,426**	10,059
Property, plant and equipment	16	**847**	1,577
Right of use assets	17	**1,319**	1,140
		11,592	12,776
CURRENT ASSETS			
Inventories	19	**888**	2,260
Trade and other receivables	20	**7,143**	4,617
Cash at bank and in hand		**3,101**	7,862
		11,132	14,739
TOTAL ASSETS		**22,724**	27,515
EQUITY AND LIABILITIES			
EQUITY			
Shareholders' equity			
Called up share capital	21	**162**	162
Share premium	22	**51,660**	51,660
Merger reserve		**28**	28
Retained earnings		**(35,086)**	(31,270)
TOTAL EQUITY		**16,764**	20,580
LIABILITIES			
Non-current liabilities			
Lease liabilities	24	**432**	307
		432	307
Current liabilities			
Trade and other payables	23	**3,844**	4,762
Contract liabilities	6E	**648**	420
Lease liabilities	24	**1,008**	1,264
Current taxes		**28**	182
		5,528	6,628
TOTAL LIABILITIES		**5,960**	6,935
TOTAL EQUITY AND LIABILITIES		**22,724**	27,515

The financial statements were approved by the Board of Directors and authorised for issue on 25 November 2024.

Greg Price

Director

The notes on pages 55 to 85 form part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 July 2024

	Share capital £000	Share premium £000	Merger Reserve £000	Retained earnings £000	Total equity £000
1 August 2023	162	51,660	28	(31,270)	20,580
Comprehensive loss for the year					
Loss for the year	-	-	-	(3,309)	(3,309)
Currency translation differences	-	-	-	(59)	(59)
Total comprehensive loss for the year	-	-	-	(3,368)	(3,368)
Transactions with shareholders					
Share based payment credit	-	-	-	(448)	(448)
Issue of new shares	-	-	-	-	-
31 July 2024	**162**	**51,660**	**28**	**(35,086)**	**16,764**

Consolidated Statement of Changes in Equity

for the year ended 31 July 2023

	Share capital £000	Share premium £000	Merger Reserve £000	Retained earnings £000	Total equity £000
1 August 2022	161	51,660	28	(15,889)	35,960
Comprehensive loss for the year					
Loss for the year	-	-	-	(15,706)	(15,706)
Currency translation differences	-	-	-	(272)	(272)
Total comprehensive loss for the year	-	-	-	(15,978)	(15,978)
Transactions with shareholders					
Share based payment charge	-	-	-	597	597
Issue of new shares	1	-	-	-	1
31 July 2023	**162**	**51,660**	**28**	**(31,270)**	**20,580**

The notes on pages 55 to 85 form part of these financial statements.

Consolidated Statement of Cash Flows

for the year ended 31 July 2024

	Notes	2024 £000	2023 £000
Cash used by operations	**32 A**	**(2,010)**	**(9,745)**
Corporation tax received/(paid)		**860**	(63)
Foreign exchange differences		**82**	(31)
Net used by operating activities		**(1,068)**	(9,839)
Cash flows from investing activities			
Purchases of intangible assets	15	**(2,077)**	(3,843)
Purchases of property plant and equipment	16	**(34)**	(630)
Proceeds from the disposal of fixed assets		**-**	120
Interest received		**21**	216
Net cash used in investing activities		**(2,090)**	(4,137)
Cash flows from financing activities			
Proceeds from the issuance of new shares	20	**-**	1
Repayment of lease principal	24	**(1,408)**	(1,842)
Interest paid on lease liabilities	24	**(133)**	(164)
Net cash used in financing activities		**(1,541)**	(2,005)
Net decrease in cash and cash equivalents		**(4,699)**	(15,981)
Cash and cash equivalents at beginning of year		**7,862**	24,122
Effects of foreign exchange rate changes on cash and cash equivalents		**(62)**	(279)
Cash and cash equivalents at end of year		**3,101**	7,862
Cash and cash equivalents comprise:			
Cash at bank and in hand		**3,101**	7,862

The notes on pages 55 to 85 form part of these financial statements.

Notes to the financial statements

for the year ended 31 July 2024

1 General information

essensys plc (the "Company") is a public limited company, incorporated in the United Kingdom under the Companies Act 2006 (registration number 11780413). The Company is domiciled in the United Kingdom and its registered address is Unit 2H, 1 Finsbury Avenue, London, EC2M 2PF. The Company's ordinary shares are traded on the Alternate Investment Market (AIM) of the London Stock Exchange.

The Group's principal activities are the provision of software and technology platforms that manage critical digital infrastructure and business processes, primarily of operators of flexible workspace within the real estate industry. These activities are carried out by the Group's wholly owned subsidiaries.

The Company's principal activity is to provide funding and management services to its subsidiaries.

2 Authorisation of financial statements and statement of compliance with IFRS

The financial statements for the year ended 31 July 2024 were authorised for issue by the Board of Directors and the Statements of Financial Position was signed on the Board's behalf by Greg Price on 25 November 2024.

The Group's financial statements have been prepared in accordance with UK adopted international accounting Standards and as applied in accordance with the provisions of the Companies Act 2006.

The financial statements of the Company have been prepared in a manner consistent with those of the Group.

3 Basis of Preparation

These financial statements have been prepared under the historical cost basis and are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

The Group's business activities, together with factors likely to affects its future development, performance and position are set out in the Strategic report on pages 11 to 14. The financial position of the Group is described in the Financial Review on pages 19 to 21.

Going concern

The Group's consolidated financial statements have been prepared on a going concern basis.

As at 31 July 2024 the Group had net assets of £16.8m (2023: £20.6m), including cash of £3.1m (2023: £7.9m) as set out in the Consolidated Statement of Financial Position, with no external debt (excluding leases). In the year ended 31 July 2024 the Group generated a loss before tax of £5.5m (2023: loss of £15.5m). The group used net cash before financing in the year of £3.1m (2023: £14.0m) after investment in software development of £2.1m. The Group has access to an undrawn £2 million loan facility provided by Mark Furness, the Group's Chief Executive Officer and largest shareholder, until 31 July 2025 in the event that the Group has a requirement for additional liquidity.

During the year, Group revenue decreased by 4% from £25.3m to £24.1m, with recurring revenue decreasing by 3% primarily as a result of a weakening of the US dollar in the first half of the year, which reduced the reported revenue from its US subsidiary which represents a significant proportion of the Group's business. The Group generated an operating loss of £5.4m (2023: £15.5m). The Group has long term contracts with a number of customers and suppliers across different geographical areas and industries.

The Directors have prepared a detailed budget and forecast of the Group's expected performance over a period covering at least the next twelve months from the date of the approval of these financial statements. As well as modelling the realisation of the sales pipeline and changes in the customer base, these forecasts also cover a number of scenarios and sensitivities in order for the Board to satisfy itself that the Group remains within its current available cash and committed facilities.

Whilst the Directors are confident in the Group's ability to grow revenue, the Board's sensitivity modelling shows that the Group will remain within its cash facilities for a period in excess of twelve months from the date of the approval of these financial statements, in the event that revenue growth is delayed (i.e. new sales bookings are not achieved). The Directors' financial forecasts and operational planning and modelling also include the actions, under the control of the Group, that they could take to further significantly reduce the cash outflow in its sensitivity modelling. On the basis of this financial and operational modelling, the Directors believe that the Group has the capability and the operational agility to react quickly, cut further costs from the business and ensure that the cost base of the business is aligned with its revenue and funding scale.

As a result, the Directors have a reasonable expectation that the Group will continue to operate and meet its commitments and discharge its liabilities in the normal course of business for a period of not less than twelve months from the date of approval of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the Group financial statements.

Basis of consolidation

The consolidated financial statements incorporate the results of essensys plc and all of its subsidiary undertakings drawn up to 31 July 2024. Subsidiaries are all entities over which the Group has power over the subsidiary, i.e. the Group has existing rights that give it the ability to direct the relevant activities (the activities that significantly affect the subsidiary's returns), exposure or rights, to variable returns from its involvement with the subsidiary and the ability to use its power over the subsidiary to affect the amount of the subsidiary's returns. The Group obtains and exercises control through voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred, and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition related costs are expensed as incurred. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. All intra-group transactions and balances are eliminated on consolidation. Unrealised gains on transactions between the Group and its subsidiaries are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

4 Summary of significant accounting policies

Revenue

The Group generates revenue primarily in the UK and North America. Turnover represents services provided in the normal course of business; net of value added tax. Services provided to clients during the year, including any amounts which at the reporting date have not yet been billed to the clients, have been recognised as revenue.

(a) Contract

Set up and installation costs are partially invoiced once the customer contract is signed with the remaining balance invoiced when the service goes live. Fixed monthly costs are invoiced one month in advance and revenue is recognised in the month the service is provided. Deferred revenue is recognised for the Group's obligation to transfer services to customers for which they have already received consideration (or an amount of consideration is due) from the customer. Variable monthly costs (including internet usage and telephone call charges) are invoiced monthly in arrears and accrued revenue is recognised in the month that the services were consumed.

(b) Contractual obligation

The majority of customer contracts have two main services that the Group provides to the customer:

- Set up / installation
- Ongoing monthly software, services and support

Where a contract is modified and the remaining services are distinct from the services transferred on or before the date of the contract modification, then the Group accounts for the contract modifications as if it were a termination of the existing contract and the creation of a new contract.

The amount of consideration allocated to the remaining performance obligations is the sum of the consideration promised by the customer and the consideration promised as part of the contract modification.

(c) Determining the transaction price

The transaction price is determined as the fair value of the consideration the Group expects to receive over the course of the contract. There are no incentives given to customers that would have a material effect on the financial statements.

(d) Allocate the transaction price to the performance obligations in the contract

The allocation of the transaction price to the performance obligations in the contract is non-complex for the Group. There is a fixed unit price for each product sold. Therefore, there is limited judgement involved in allocating the contract price to each unit ordered.

(e) Recognise revenue when or as the entity satisfies its performance obligations

The contracts may cover multiple sites, but the overarching terms are consistent in each contract. The set up/installation is seen as a distinct performance obligation and revenue is recognised at a point in time, when the set up/installation is completed, and any hardware is provided to the client for their use. The customer can only benefit from the set up/installation such as new internet connectivity or new hardware provided once the full installation process is complete, and therefore revenue is recognised in full when these services are provided.

The second performance obligation is the provision of software, infrastructure and on-demand services over the term of the contract, and the Group recognises the revenue each month as it provides these services for the duration of the contract, i.e. over time.

(f) Costs to obtain and fulfil a contract

Set up and installation costs are partially invoiced once the customer contract is signed. The value of the invoiced amount is held as a contract liability until the performance obligation is satisfied.

The Group incurs incremental costs in obtaining a contract in the form of sales commissions. The Group recognises the sales commissions as an asset in relation to costs to obtain a contract. The Group believes that the costs are recoverable as the proceeds from the customer over the contract period exceed the costs to obtain the contract. The asset is amortised over the contract life on a systematic basis.

Contract assets arise from the Group's revenue contracts, where work is performed in advance of invoicing customers, and contract liabilities arise where revenue is received in advance of work performed. Cumulatively, payments received from customers at each balance sheet date do not necessarily equal the amount of revenue recognised on the contracts. Commission costs capitalised on contracts represents internal sales commission costs incurred on signing of customer contracts and, in line with the requirements of IFRS15, spread over the life of the customer contract.

Finance income

Finance income comprises interest receivable on funds invested. Interest income is recognised in profit or loss as it accrues using the effective interest method.

Finance costs

Finance costs comprise interest on lease liabilities. Interest on lease liabilities is charged to the consolidated statement of comprehensive income over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Intangible assets

a) Internal software development

Research expenditure is written off in the year in which it is incurred.

Expenditure on internally developed products is capitalised if it can be demonstrated that:

- it is technically and commercially feasible to develop the asset for future economic benefit;
- adequate resources are available to maintain and complete the development;
- there is the intention to complete and develop the asset for future economic benefit;
- the company is able to use the asset;
- use of the asset will generate future economic benefit; and
- expenditure on the development of the asset can be measured reliably.

Where the costs are capitalised, they are amortized over their economic life which is considered by the directors to be 5 to 7 years.

Internally developed products in the course of construction are carried at cost, less any recognised impairment loss. Amortisation of these assets, determined on the same basis as other property assets, commences when the assets are ready for their intended use.

(b) Goodwill

Goodwill arising on the acquisition of a business represents the excess of the fair value of the consideration and the fair value of the Group's share of the identifiable assets and liabilities acquired. The identifiable assets and liabilities acquired are incorporated into the consolidated financial statements at their fair value to the Group.

Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is tested for impairment annually. Any impairment is recognised immediately in the Consolidated Statement of Comprehensive Income and is not subsequently reversed. On disposal of a business, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(c) Other intangible assets

Other intangible assets are initially recognised at cost or, if recognised as part of a business combination, at fair value. After recognition, intangible assets are measured at cost or fair value less any accumulated amortisation and any accumulated impairment losses. Amortisation is calculated to write off the cost or fair value of intangible assets in equal annual instalments over their estimated useful lives and is included within administrative expenses.

The estimated useful lives for other intangible fixed assets range as follows:

Customer relationships	-	6.3 years
Website	-	1 year
Acquired software	-	5 years

Property, plant and equipment

Property, plant and equipment is carried at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost comprises the aggregate amount paid to acquire assets and includes costs directly attributable to making the asset capable of operating as intended.

At each reporting date the Group assesses whether there is an indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying value exceeds the recoverable amount.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives or, if held under a finance lease, over the shorter of the lease term and the estimated useful life, using the straight line method. Depreciation is provided at the following annual rates:

Leasehold improvements	-	20%
Fixtures and fittings	-	25%
Computer equipment	-	10% - 25%

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income or loss' in the statement of comprehensive income.

Leasehold improvements include security equipment purchased.

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial information of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial information is presented in 'sterling', which is essensys plc's functional and the Group's presentation currency.

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

(b) Transactions and balances

Foreign currency transactions are translated into essensys plc's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

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

Inventories

Inventories are valued at the lower of cost and net realisable value. Inventories consist of work in progress, which are items and third-party services that have been purchased and allocated to satisfy specific customer contracts where title has not yet passed, and finished goods, which are mostly made up of items purchased in the previous financial year to secure sufficient resources, with a global shortage of silicon, to satisfy expected future customer contracts. As the items have yet to be installed at the customer location, and where title has not yet passed, they remain on the statement of financial position until title has passed.

When obsolete, redundant and slow-moving inventories are identified they are written down to their net realisable value.

Trade and other receivables

Trade receivables, which are generally due for settlement within 30 days and are therefore all classified as current, are recognised and carried at the lower of their original invoiced value less provision for expected credit losses.

Cash and cash equivalents

All cash and short-term investments with original maturities of three months or less are considered cash and cash equivalents, since they are readily convertible to cash. These short-term investments are stated at cost, which approximates fair value.

Trade and other payables

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are recognised at original cost.

Significant items

Significant items are those that, in the Directors' view, are required to be separately disclosed by virtue of the size or incidence to enable a full understanding of the Group's financial performance. The nature of each significant item is disclosed in the primary income statement.

Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income, except that a charge attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where essensys plc's subsidiaries operate and generate taxable income.

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

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

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

Share capital

Ordinary shares are classified as equity. There is one class of ordinary share in issue, as detailed in note 21.

Reserves

The Group and Company's reserves are as follows:

- Called up share capital reserve represents the nominal value of the shares issued;
- The share premium account includes the premium on issue of equity shares, net of any issue costs;
- Merger reserve arose on the business combination that was accounted for as a merger;
- Retained earnings represents cumulative profits or losses, net of dividends paid, the total value expensed at the balance sheet date in relation to the fair value of the share options at their grant date expensed over the vesting period under the relevant share option schemes and other adjustments.

Financial assets

The Group classifies all of its financial assets at amortised cost. Financial assets do not comprise prepayments, or contract assets, although contract assets are in scope of IFRS 9's impairment requirements as discussed below. Management determines the classification of its financial assets at initial recognition.

The Group's financial assets held at amortised cost comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position. These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold their assets in order to collect contractual cash flows and the contractual cash flows are solely payments of the principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net; such provisions are recorded in a separate provision account with the loss being recognised within administrative expenses in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

The expected loss rates are based on the Group's historical credit losses experienced over the last three periods prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers. The Group has identified the gross domestic product (GDP), unemployment rates and inflation rate as the key macroeconomic factors in the countries that the Group operates.

Impairment provisions for other receivables are recognised based on the general impairment model within IFRS 9. Under the General approach, at each reporting date, the Group determines whether there has been a significant increase in credit risk (SICR) since initial recognition and whether the loan is credit impaired. This determines whether the loan is in Stage 1, Stage 2 or Stage 3, which in turn determines both the amount of ECL to be recognised i.e. 12-month ECL or Lifetime ECL.

Financial liabilities

The Group classifies its financial liabilities in the category of financial liabilities at amortised cost. All financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provision of the instrument.

Financial liabilities measured at amortised cost include:

- Trade payables and other short-dated monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest rate method.
- Other borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position. 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.

Unless otherwise indicated, the carrying values of the Group's financial liabilities measured at amortised cost represents a reasonable approximation of their fair values.

Impairment of assets

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or CGUs).

Where there is any indication that an asset may be impaired, the carrying value of the asset (or CGUs to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGUs) fair value less costs to sell and value in use. Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased. Goodwill is reviewed for impairment on an annual basis, with any impairment to goodwill not reversed at a later period.

Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. At each reporting date, the Group revises its estimate on the number of equity investments expected to vest. The impact of the revision of the original estimates, if any, is recognised in the Statement of Comprehensive Income over the remaining vesting period, with a corresponding adjustment to the Retained Earnings Reserve.

In the event that the terms of equity-settled share-based payments are modified these are valued at the date of modification and, where this results in an increase to fair value, the charge is recognised in the statement of comprehensive income over the remaining vesting period, or recognised immediately where the vesting period has already passed. Where options are forfeited or lapse before vesting, cumulative share based payment charges recognised are reversed in the period the forfeiture or lapse arises.

Where share options are issued to employees of subsidiary undertakings of essensys Plc, the share option charge is recognised within each subsidiary as a capital contribution towards the investment held by the Company in that subsidiary undertaking.

Leases

All leases are accounted for by recognising a right-of-use asset and a lease liability except for leases of low value assets; and leases with a duration of twelve months or less, in line with the requirements of IFRS 16.

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

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

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

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

- Lease payments made at or before commencement of the lease;
- Initial direct costs incurred; and
- The amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

When the Group renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- If the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy;
- In all other cases where the renegotiated contract increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount;
- If the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

For contracts that both convey a right to The Group to use an identified asset and require services to be provided to The Group by the lessor, The Group has elected to account for the entire contract as a lease, i.e. it does allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

Retirement benefits

The Group operates a number of defined contribution plans. A defined contribution plan is a pension plan under which the employer pays fixed contributions into a separate entity. Contributions payable to the plan are charged to the income statement in the period in which they relate. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Holiday pay accrual

All employees accrue holiday pay during the calendar year, the Board encourages all employees to use their full entitlement throughout the year. A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the statement of financial position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

Standards adopted in the year

No new standards have been adopted in the reporting period as all were adopted previously.

Standards, amendments and interpretations not yet effective

There are no standards issued not yet effective that will have a material effect on the Group’s financial statements. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

5 Significant accounting judgements, estimates and assumptions

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including the expectation of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are detailed below.

Tax recoverable from research and development activities

Certain software development activities performed by the Group can attract enhanced tax allowances from the UK Tax Authority. The degree with which the software development activities attract such allowances is based on strict criteria, which include:

- complexity of the development project
- uncertainty of outcome

Judgements were required in assessing which of the follow meet the above stated criteria:

- which projects
- specific work elements within each project

Judgement is applied in determining whether receipt of claims from the UK Tax Authority is probable. Estimation is applied in determining the amount of tax credits earned during the relevant reporting period where a final claim has not been submitted prior to approval of the financial statements.

Capitalisation of development costs

Costs are capitalised in relation to the development of the underlying software utilised within the Group. The most critical judgement is establishing whether the costs capitalised meet the criteria set out within IAS 38. Further, the most critical estimate is how the intangible asset can generate future economic benefit. Projects that are maintenance in nature are expensed as incurred whereas development that generates benefits to the group are capitalised. After capitalisation management monitors whether the recognition requirements continue to be met and whether there are any indicators that the capitalised costs are required to be impaired. See note 15 for details of amounts capitalised.

Measurement and impairment of goodwill and intangible assets

As set out in note 4 above the carrying value of goodwill is reviewed for impairment at least annually and for other intangible assets when an indication of impairment is identified. In determining whether goodwill or intangible assets are impaired, an estimation of the value in use of each cash generating unit (CGU) is required. This calculation of value in use requires estimates to be made relating to the timing and amount of future cash flows expected and suitable discount rates based on the Group's weighted average cost of capital, in addition to the estimation involved in preparing the initial projected cash flows for the next 5 years.

These estimates have been used to conclude on any impairment required to either goodwill or intangible assets but are judgemental in nature. See note 15 for details of the key assumptions made.

Valuation of Share Options

During the year the Group incurred a share-based payment credit of £448,000 (2023: charge of £597,000).

The charge related to options in the Group granted at IPO, options granted in previous financial years, new share options granted in this financial year and a modification to the terms of certain of those options granted in the previous financial year. During the year, a net credit to the income statement was realised due to the impact of lapses or forfeitures of options prior to them vesting. New options granted during the year ended 31 July 2024 are based on valuations undertaken using a Black Scholes or Monte Carlo Simulation option pricing models, depending on the type of option. Judgements were required when assessing the valuation in relation to share price volatility, the expected life of the options issued, the proportion that would be exercised, the risk-free rate applicable and the likely achievement of performance targets where applicable. The valuation of those options issued after IPO is spread over the vesting period and there will, therefore, be further share based payment expenses in future years in relation to those options. See note 28 for details.

Inventory

Estimation uncertainty arises in respect of the provision made for inventory that is slow-moving or where management considers it improbable that the net realised value will exceed cost. Details of the provision recognised in respect of inventory are provided in note 19.

Expected credit losses

Estimation uncertainty arises in respect of the provision recognised for expected credit losses recognised in accordance with the requirements of IFRS 9. Details of the provision recognised and the methodology applied are provided in note 20.

6 Segmental Reporting

The Group generates revenue largely in the UK and the US. The majority of the Group's customers provide flexible office facilities together with ancillary services (e.g. meeting rooms and virtual services) including technology connectivity.

The Group generates revenue from the following activities:

- Establishing services at customer sites (e.g. providing and managing installations, equipment and training on software); Recurring monthly fees for using the Group's software platforms;
- Revenue from usage of on demand services such as internet and telephone usage and other, on demand, variable services; and
- Other ad hoc service.

The Group has one single business segment which is the provision of software and technology platforms that manage the critical infrastructure and business processes, primarily to the flexible workspace segment of the real estate industry. The Group has two revenue streams and three geographical segments, as detailed in the tables below.

6A Revenue analysis by geographic area

The Group operates in two main geographic areas, the United Kingdom and North America. The whole of the turnover is attributed to the principal activity. The Group's revenue per geographical segment is as follows:

	2024 £000	2023 £000
Analysis of turnover by country of destination:		
North America	**14,158**	15,747
United Kingdom and Europe	**8,519**	8,673
Asia Pacific region	**1,454**	834
Total Income	**24,131**	25,254

6B Revenue analysis by revenue streams

The Group has two main revenue streams, essensys Platform and Operate. The Group's revenue per revenue stream is as follows:

	2024 £000	2023 £000
Essensys Platform	**22,671**	23,543
Operate	**1,460**	1,711
Total Income	**24,131**	25,254

Essensys Platform revenue includes all revenue generated in relation to the essensys Platform product. It includes revenue recognised at a point in time as well as recognised over a period of time.

Operate revenue includes all revenue generated in relation to the Group's Operate product. The revenue is recognised over a period of time.

6C Revenue disaggregated by 'point in time' and 'over time'

The Group revenue disaggregated between revenue recognised 'at a point in time' and 'over time' is as follows:

	2024 £000	2023 £000
Revenue recognised at a point in time	**3,874**	4,341
Revenue recognised over time	**20,257**	20,913
Total Income	**24,131**	25,254

6D Revenue from customers greater than 10% of total revenue

Revenue from customers greater than 10% in each reporting period is as follows:

	2024 £000	2023 £000
Customer 1	**5,917**	6,865

6E Contract assets and liabilities

Contract asset movements were as follows:

	2024 £000	2023 £000
At 1 August	**468**	887
Transfers in the period from contract assets to trade receivables	**(176)**	(544)
Excess of revenue recognised over cash (or rights to cash) being recognised during the period	**242**	175
Capital asset contract contributions capitalised	**(21)**	57
Capital asset contract contributions released as contract obligations are fulfilled	**-**	(58)
Capitalised commission cost released as contract obligations fulfilled	**(356)**	(210)
Commission costs capitalised on contracts	**697**	161
At 31 July	**854**	468

Contract liability movements were as follows:

	2024 £000	2023 £000
At 1 August	**420**	815
Amounts included in contract liabilities that were recognised as revenue during the period	**(420)**	(815)
Cash received and receivables in advance of performance and not recognised as revenue during the period	**648**	420
At 31 July	**648**	420

Contract assets are included within 'trade and other receivables' and contract liabilities is shown separately on the face of the statement of financial position. Contract assets arise from the group's revenue contracts, where work is performed in advance of invoicing customers, and contract liabilities arise where revenue is received in advance of work performed. Cumulatively, payments received from customers at each balance sheet date do not necessarily equal the amount of revenue recognised on the contracts. Capital asset contract contributions represent costs incurred by the Group in the form of customer incentives spread over the life of the customer contract. Commission costs capitalised on contracts represents internal sales commission costs incurred on signing of customer contracts and, in line with the requirements of IFRS15, spread over the life of the customer contract.

7 Restructuring costs

Restructuring costs were as follows:

	2024 £000	2023 £000
Restructuring costs	**207**	2,610

During the year, an additional step in the global reorganisation plan from the previous year was actioned to ensure the most rapid return to profitability of the Group. The costs recognised in this financial year reflect that restructuring and residual costs incurred at the beginning of the year over the costs accrued in the previous financial year.

During the previous financial year, the Group announced a global reorganisation which positions it for sustainable growth, profitability and a return to cash generation. This included the simplification of global operations and moves the Group from a regional to a functional structure. The restructuring costs in FY23 reflect the total expected cost of the reorganisation, which was completed after the year end. The cost related to termination of employment, being redundancy costs and payment in lieu of notice in certain cases, and any other costs to achieve the reorganisation including the cost to exit office space and the cost of external legal advice specific to the reorganisation.

8 Operating loss

	2024 £000	2023 £000
This is arrived at after charging/(crediting):		
Amortisation of intangible assets	**2,710**	2,081
Depreciation of tangible fixed assets	**765**	1,405
Depreciation of right of use assets	**1,247**	1,349
Impairment of right of use assets	**-**	274
Impairment of goodwill	**-**	275
Accelerated amortisation of other intangible assets	**-**	350
Impairment of tangible fixed assets	**-**	313
Fees payable to the Group's auditor (see below)	**150**	315
(Profit)/loss on disposal of tangible fixed assets	**-**	(5)
Exchange differences	**(5)**	31
Research & Development expense	**1,988**	3,428
Staff costs (note 9)	**13,517**	19,858
Share based payments	**(448)**	597
Analysis of fees paid to the Group's auditor:		
Annual financial statements – parent company	**50**	75
Annual financial statements – subsidiary companies	**100**	133
Audit Fee	**150**	208
Assurance services	**-**	41
Other services	**-**	66
Non audit services	**-**	107
Total fee	**150**	315

9 Employees

Staff costs (including directors) consist of:

	2024 £000	2023 £000
Wages and salaries	**10,384**	14,898
Social security costs	**1,350**	1,740
Cost of defined contribution scheme	**446**	603
Other	**1,337**	2,617
Share based payment (credit)/expense	**(448)**	597
	13,069	20,455

Other staff costs comprise the cost of recruitment, other employee benefits, redundancy and temporary staff.

The average number of employees (including directors) during the year was as follows:

	2024 No.	2023 No.
Executive	**7**	9
Sales & Marketing	**20**	28
Finance & Administration	**16**	22
Support	**35**	47
Development	**35**	58
Provisioning	**3**	7
	116	171

10 Key management remuneration

Key management personnel include all the directors of the Company and the senior management and directors of essensys (UK) Limited and essensys, Inc, the Group's principal trading subsidiaries, who together have authority and responsibility for planning, directing, and controlling the activities of the Group.

	2024 £000	2023 £000
Salaries and fees	**1,748**	2,949
Social security costs	**187**	268
Short term non-monetary benefits	**29**	56
Company contributions to money purchase pension schemes	**91**	131
Share based payment expense	**252**	569
	2,307	3,973

Full details of directors' remuneration are included within the Remuneration Committee Report on page 39.

11 Interest receivable and similar income

	2024 £000	2023 £000
Interest receivable from bank deposits	**21**	216
	21	216

12 Interest payable and similar charges

	2024 £000	2023 £000
Interest payable on lease liabilities	**133**	164
	133	164

13 Taxation on loss on ordinary activities

	2024 £000	2023 £000
Current tax		
UK corporation tax	**(300)**	-
Adjustment in respect of previous periods	**(1,937)**	-
Foreign tax on income for the year	**54**	245
Total current tax	**(2,183)**	245
Deferred tax		
Origination and reversal of timing differences	**-**	-
Adjustments in respect of prior periods	**-**	-
Total deferred tax	**-**	-
Taxation on loss on ordinary activities	**(2,183)**	245

The tax assessed for the year is higher than the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below:

	2024 £000	2023 £000
Loss on ordinary activities before tax	**(5,492)**	(15,473)
Tax using the Group's domestic tax rates (25% (2023:21%))	**(1,373)**	(3,249)
Effects of:		
Fixed asset differences	**70**	53
Expenses not deductible for tax purposes	**(70)**	175
Deductions for R&D expenditure relating to the current year	**(300)**	-
Deductions for R&D expenditure relating to prior years	**(1,937)**	-
Difference in current tax and deferred tax rates	**-**	(473)
Other permanent differences	**(506)**	669
Deferred tax not recognised	**1,933**	3,070
Total tax (credit)/charge for period	**(2,183)**	245

The Group received two payments in the year (and one post year end) in relation to claims made for UK research and development tax relief that resulted in receipts totalling £1,937,000. Recognition of the receivables was not considered probable until the claims were approved by the UK Tax Authorities. As a result of the successful claims made, management believe that a claim for this accounting period will mean a receipt for the sum of £300,000 is probable in the next accounting period and as such have recognised a receivable of the same amount.

Factors that may affect future tax charges

The Group has unrecognised deferred tax assets. Please refer to note 25.

14 Earnings per share

	2024	2023
Basic weighted average number of shares	**64,677,667**	64,407,222
Fully diluted weighted average number of shares	**64,677,667**	64,407,222

	2024 £000	2023 £000
Loss for the year attributable to owners of the group	**(3,309)**	(15,706)
Basic and diluted loss per share (pence)	**(5.1p)**	(24.4p)

The loss per share has been calculated using the loss for the year and the weighted average number of ordinary shares outstanding during the period.

Share options held at the year-ended 31 July 2024 are anti-dilutive and so have not been included in the diluted earnings per share calculation.

15 Intangible assets

Group	Assets in the course of construction £000	Customer relationships £000	Internal software development £000	Software £000	Goodwill £000	Total £000
Cost						
At 1 August 2023	622	335	16,552	280	1,263	19,052
Additions	410	-	1,667	-	-	2,077
Transfers	-	-	-	-	-	-
At 31 July 2024	**1,032**	**335**	**18,219**	**280**	**1,263**	**21,129**
Amortisation						
At 1 August 2023	-	335	7,981	280	397	8,993
Charge for year	-	-	2,710	-	-	2,710
Impairment	-	-	-	-	-	-
At 31 July 2024	**-**	**335**	**10,691**	**280**	**397**	**11,703**
Net book value						
At 31 July 2024	**1,032**	**-**	**7,528**	**-**	**866**	**9,426**
At 31 July 2023	622	-	8,571	-	866	10,059

The goodwill relates to the acquisition of Hubcreate Limited on 18 February 2016. The goodwill all relates to the Operate cash generating unit (CGU).

The Group estimates the recoverable amount of the Operate CGU using a value in use model by projecting pre-tax cash flows for the next 5 years. The key assumptions underpinning the recoverable amount of the CGU are forecast revenue and forecast EBITDA percentage. The forecast revenues in the model are based on management's past experience and future expectations of performance. The post-tax discount rate used in all periods is 14% derived from a WACC calculation and benchmarked against similar organisations within the sector. Management do not anticipate this CGU providing long term future cash flows for the group. As such the latest projection shows an average 8% decline in revenue year on year, which is consistent with the average decline in revenue over the last three financial years. The average decline in revenue would need to be above 11.5% to remove any headroom between value in use and current carrying value. Using a discount rate of 14% (2023: 14%) resulted in no additional impairment, and as such no additional impairment charge has been booked in this period (2023: £275,000).

Capitalised internal software development costs relates to both the essensys CGUs, the first CGU being essensys Platform and the second CGU being Operate. The amounts specific to each CGU can be separately determined.

The Group estimates the recoverable amount of the essensys Platform CGU using a value in use model by projecting pre-tax cash flows for the next 5 years including a terminal value calculation after the fifth year. The key assumptions underpinning the recoverable amount of the CGU are forecast revenue and forecast EBITDA percentage. The forecast revenues in the model are based on management's past experience and future expectations of performance. The long-term growth rate used in the value in use calculation was 7.5%. The long-term growth rate would need to fall below 1% to remove any headroom between value in use and current carrying value. The post-tax discount rate used in all periods is 14% derived from a WACC calculation and benchmarked against similar organisations within the sector. Using a discount rate of 14% resulted in no impairment of the essensys Platform CGU; however, in the prior year in anticipation of all customers having moved from Connect to essensys Platform, management increased the rate of amortisation by £350,000 of those assets directly attributed to the Connect product which results in the carrying value of the Connect product being nil as at 31 July 2024.

The asset in course of construction capitalised this year is the cost to date for development of the software for the Group's in-development dynamic access control solution. It is expected that the asset will be complete before the end of the next financial year.

Group	Assets in the course Of construction £000	Customer relationships £000	Internal software development £000	Software £000	Goodwill £000	Total £000
Cost						
At 1 August 2022	215	335	13,116	280	1,263	15,209
Additions	407	-	3,436	-	-	3,843
Transfers	-	-	-	-	-	-
At 31 July 2023	**622**	**335**	**16,552**	**280**	**1,263**	**19,052**
Amortisation						
At 1 August 2022	-	335	5,550	280	122	6,287
Charge for year	-	-	2,431	-	-	2,431
Impairment	-	-	-	-	275	275
At 31 July 2023	**-**	**335**	**7,981**	**280**	**397**	**8,993**
Net book value						
At 31 July 2023	**622**	**-**	**8,571**	**-**	**866**	**10,059**
At 31 July 2022	215	-	7,566	-	1,141	8,922

16 Property, plant and equipment

Group	Fixtures and fittings £000	Computer equipment £000	Leasehold improvements £000	Total £000
Cost				
At 1 August 2023	240	10,594	750	11,584
Additions	-	34	-	34
Disposals	-	(1)	-	(1)
Exchange adjustments	-	(4)	-	(4)
At 31 July 2024	**240**	**10,623**	**750**	**11,613**
Depreciation				
At 1 August 2023	215	9,100	692	10,007
Charge for year	9	743	13	765
Impairment	-	-	-	-
Disposals	-	-	-	-
Exchange adjustments	-	(6)	-	(6)
At 31 July 2024	**224**	**9,837**	**705**	**10,766**
Net book value				
At 31 July 2024	**16**	**786**	**45**	**847**
At 31 July 2023	25	1,494	58	1,577

	Fixtures and fittings £000	Computer equipment £000	Leasehold improvements £000	Total £000
Cost				
At 1 August 2022	242	10,605	686	11,533
Additions	-	566	64	630
Disposals	-	(313)	-	(313)
Exchange adjustments	(2)	(264)	-	(266)
At 31 July 2023	**240**	**10,594**	**750**	**11,584**
Depreciation				
At 1 August 2022	207	8,109	398	8,714
Charge for year	10	1,101	294	1,405
Impairment	-	313	-	313
Disposals	-	(198)	-	(198)
Exchange adjustments	(2)	(225)	-	(227)
At 31 July 2023	**215**	**9,100**	**692**	**10,007**
Net book value				
At 31 July 2023	**25**	**1,494**	**58**	**1,577**
At 31 July 2022	35	2,496	288	2,819

In FY23 Management reviewed the carrying value of the computer hardware within the APAC region as a result of the reorganisation that centralised the Group's APAC operations in Australia and impaired those assets where the carrying value was in excess of their recoverable value resulting in an impairment of £313,000 in FY23.

17 Right of use assets

Group	Leasehold property £000	Computer equipment £000	Total £000
Cost			
At 1 August 2023	7,214	162	7,376
Additions	1,197	-	1,197
Lease remeasurement	339	-	339
Disposals	(3,418)	-	(3,418)
Exchange adjustments	(9)	-	(9)
At 31 July 2024	**5,323**	**162**	**5,485**
Depreciation			
At 1 August 2023	6,074	162	6,236
Charge for year	1,247	-	1,247
Impairment	-	-	-
Disposals	(3,309)	-	(3,309)
Exchange adjustments	(8)	-	(8)
At 31 July 2024	**4,004**	**162**	**4,166**
Net book value			
At 31 July 2024	**1,319**	**-**	**1,319**
At 31 July 2023	1,140	-	1,140

	Leasehold property £000	Computer equipment £000	Total £000
Cost			
At 1 August 2022	7,049	162	7,211
Additions	198	-	198
Lease remeasurement	95	-	95
Exchange adjustments	(128)	-	(128)
At 31 July 2023	**7,214**	**162**	**7,376**
Depreciation			
At 1 August 2022	4,567	162	4,729
Charge for year	1,349	-	1,349
Impairment	274	-	274
Exchange adjustments	(116)	-	(116)
At 31 July 2023	**6,074**	**162**	**6,236**
Net book value			
At 31 July 2023	**1,140**	**-**	**1,140**
At 31 July 2022	2,482	-	2,482

In FY23 Management reviewed the carrying value of the right of use assets within the APAC region as a result of the reorganisation that centralised the Group's APAC operations in Australia and impaired those assets where the carrying value was in excess of their recoverable value, resulting in an impairment of £274,000 in FY23.

18 Subsidiaries

Subsidiary undertakings, associated undertakings and other investments

The following were subsidiary undertakings of the company during the year:

Name	Country of incorporation or registration	Proportion of voting rights and ordinary share capital held	Status	Nature of business
essensys (UK) Limited	United Kingdom	100%	Trading	Provider of software and technology platforms to the flexible workspace industry
essensys, Inc	United States of America	100%	Trading	Provider of software and technology platforms to the flexible workspace industry
essensys (Europe) BV	Netherlands	100%	Trading	Provider of software and technology platforms to the flexible workspace industry
essensys (APAC Holdings) Ltd	United Kingdom	100%	Non-trading	Provider of software and technology platforms to the flexible workspace industry
essensys (Hong Kong) Ltd	Hong Kong	100%	Trading	Provider of software and technology platforms to the flexible workspace industry
essensys (Singapore) Pte Ltd	Singapore	100%	Trading	Provider of software and technology platforms to the flexible workspace industry
essensys (Australia) Pty Ltd	Australia	100%	Trading	Provider of software and technology platforms to the flexible workspace industry

essensys (UK) Limited (registered company number 05959557) is exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts under section 479A of the Companies Act 2006.

The registered office of essensys (UK) Limited and essensys (APAC Holdings) Ltd are as per the Company as given on the company information page.

The office of essensys Inc is 600 5th Avenue, Floor 2, New York City, NY 10020, United States of America.

The registered office of essensys (Europe) BV is Herikerbergweg 88, Amsterdam, 1101CM.

The registered office of essensys (Hong Kong) Ltd Room 1901, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong.

The registered office of essensys (Singapore) Pte Ltd is 9 Raffles Place, #26-01, Republic Plaza, 048619, Singapore.

The registered office of essensys (Australia) Pty Ltd is Suite 902, 146 Arthur Street, North Sydney, NSW 2060, Australia.

19 Inventories

	2024 £000	2023 £000
Finished goods	**713**	2,021
Work in progress	**175**	239
	888	2,260

Work in progress are items and third-party services purchased to satisfy specific customer contracts, where title has not yet passed. Finished goods are items purchased in the prior financial year to secure sufficient resources, with a global shortage of silicon, to satisfy expected future customer contracts.

Inventory value is net of a provision of £290,000 (2023: £nil). Provision was made against what management identified as slow moving stock items.

20 Trade and other receivables

	2024 £000	2023 £000
Trade receivables (net)	**3,632**	3,053
Other receivables	**1,694**	268
Prepayments	**963**	828
Contract assets (note 6E)	**854**	468
	7,143	4,617

Other receivables include the £912,000 relating to the adjusting post balance sheet event as detailed within note 31.

Analysis of trade receivables based on age of invoices

	< 30 £'000	31 – 60 £'000	61 – 90 £'000	> 90 £'000	Total Gross £'000	ECL £'000	Total Net £'000
2024	**2,536**	**122**	**237**	**1,283**	**4,178**	**(546)**	**3,632**
2023	2,042	242	146	1,016	3,446	(393)	3,053

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. The majority of trade and other receivables are non-interest bearing. Where the effect is material, trade and other receivables are discounted using discount rates which reflect the relevant costs of financing. The carrying amount of trade and other receivables approximates fair value.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses (ECL) which uses a lifetime expected loss allowance for all trade receivables. The ECL balance has been determined based on historical data available to management in addition to forward looking information utilising management knowledge.

At 31 July 2024 the lifetime expected loss provision for trade receivables and contract assets is as follows:

31 July 2024	Less than 30 days past due £000	31 to 60 days past due £000	61 to 90 days past due £000	91 or more days past due £000	Total £000
Expected loss rate	**0%**	**10.7%**	**6.3%**	**40.4%**	
Gross carrying amount	**3,390**	**122**	**237**	**1,283**	**5,032**
ECL	**-**	**13**	**15**	**518**	**546**

Notes to the financial statements continued

31 July 2023	Less than 30 days past due £000	31 to 60 days past due £000	61 to 90 days past due £000	91 or more days past due £000	Total £000
Expected loss rate	0%	6.8%	10.9%	35.5%	
Gross carrying amount	2,510	242	146	1,016	3,914
ECL	-	17	16	360	393

Movements in the ECL are as follows:

	2024 £000	2023 £000
Opening ECL at 1 August	**393**	634
ECL charge for the year	**308**	1,037
Receivables written off as uncollectable	**(155)**	(1,278)
At 31 July	**546**	393

21 Share capital

	2024 £000	2023 £000
Allotted, called up and fully paid		
64,699,750 (2023: 64,649,260) ordinary shares of 0.25p each (2023: 0.25p)	**162**	162

12,755 shares were issued on September 2023, 14,562 shares were issued on November 2023 and 23,173 shares were issued on June 2024 as a result of vested share options being exercised.

22 Share premium

	2024 £000	2023 £000
Share premium at start of period	**51,660**	51,660
Issue of new shares	**-**	-
Cost of issuing new shares recognised in equity	**-**	-
	51,660	51,660

23 Trade and other payables

	2024 £000	2023 £000
Amounts falling due within one year		
Trade payables	**2,241**	1,399
Other taxes and social security	**43**	528
Other creditors	**257**	511
Accruals	**1,303**	2,324
	3,844	4,762

24 Lease liabilities

Nature of leasing activities

The Group leases a number of assets in the jurisdictions from which it operates in with all lease payments fixed over the lease term.

	2024 £000	2023 £000
Number of active leases	**14**	15

The Group sometimes negotiates break clauses in its leases. On a case-by-case basis, the Group will consider whether the absence of a break clause would expose the Group to excessive risk. Typically, factors considered in deciding to negotiate a break clause include:

- The length of the lease term;
- The economic stability of the environment in which the property is located; and
- Whether the location represents a new area of operations for the Group.

	Leasehold property £000	Total £000
At 1 August 2023	1,571	1,571
Additions	1,074	1,704
Interest expense	133	133
Effect of modifying lease term	195	195
Variable lease payment adjustment	-	-
Lease payments	(1,541)	(1,541)
Foreign exchange movements	8	8
At 31 July 2024	**1,440**	**1,440**

	Leasehold property £000	Total £000
At 1 August 2022	3,128	3,128
Additions	-	-
Interest expense	164	164
Effect of modifying lease term	292	292
Variable lease payment adjustment	28	28
Lease payments	(2,006)	(2,006)
Foreign exchange movements	(35)	(35)
At 31 July 2023	1,571	1,571

Notes to the financial statements continued

Lease maturity

	Leasehold property £000	Total £000
31 July 2024		
Up to 3 months	**302**	**302**
3 to 12 months	**706**	**706**
1-2 years	**432**	**432**
2-5 years		**-**
	1,440	**1,440**

	Leasehold property £000	Total £000
31 July 2023		
Up to 3 months	207	207
3 to 12 months	704	704
1-2 years	660	660
2-5 years	-	-
	1,571	1,571

Analysis by current and non-current

	Leasehold property £000	Total £000
31 July 2024		
Due within a year	**1,008**	**1,008**
Due in more than one year	**432**	**432**
	1,440	**1,440**

	Leasehold property £000	Total £000
31 July 2023		
Due within a year	1,264	1,264
Due in more than one year	307	307
	1,571	1,571

25 Deferred taxation

	2024 £000	2023 £000
Brought forward	**-**	-
(Credited)/charged to the income statement	**-**	-
Carried forward	**-**	-

The provision for deferred taxation is made up as follows:

	2024 £000	2023 £000
Fixed asset timing differences	**-**	-
	-	-

The Group has an unrecognised deferred taxation asset of £7,662,000 (2023: £6,839,000) in respect of tax losses and deductible temporary differences. The Group has not recognised the deferred tax asset due to the lack of certainty over recovery of the asset.

	2024 £000	2023 £000
Short term timing differences	**-**	487
Losses and other deductions	**7,662**	6,352
Unrecognised deferred taxation asset	**7,662**	6,839

Factors that may affect future tax charges

There are currently no factors that may affect future tax charges.

26 Financial instruments

The Group is exposed through its operations to the following financial risks:

- Credit risk
- Foreign exchange risk
- Liquidity risk

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

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and procedures for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Principal financial instruments

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

- Trade receivables
- Cash and cash equivalents
- Trade and other payables
- Bank overdrafts

It is Group policy that no trading in financial instruments should be undertaken.

Notes to the financial statements continued

Financial instruments by category

	2024 £000	2023 £000
Financial assets at amortised cost		
Cash and cash equivalents	**3,101**	7,862
Trade and other receivables	**4,356**	3,495
Total financial assets at amortised cost	**7,457**	11,357
Financial liabilities		
Trade and other payables	**3,801**	4,233
Lease liabilities	**1,440**	1,571
Total financial liabilities	**5,241**	5,804

Financial instruments not measured at fair value

These include cash and cash equivalents, trade and other receivables, trade and other payables, and loans and borrowings. Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables and trade and other payables approximates their fair value.

The Group's activities expose it to a variety of financial risks:

- Market risk (including foreign exchange risk, price risk and interest rate risk)
- Credit risk
- Liquidity risk

The financial risks relate to the following financial instruments:

- Cash and cash equivalents
- Trade and other receivables
- Trade and other payables
- Loans and borrowings

The accounting policies with respect to these financial instruments are described above.

Risk management is carried out by the key management personnel. Key management personnel include all the directors of the Company and the senior management and directors of essensys (UK) Limited, the Group's principal trading subsidiary, who together have authority and responsibility for planning, directing, and controlling the activities of the Group. The key management personnel identify and evaluate financial risks and provide principals for overall risk management.

(a) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales. It is Group policy, implemented locally, to assess the credit risk of new customers before entering contracts.

Notes to the financial statements continued

(b) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises because the Group operates in the United Kingdom, Europe, North America and the Asia Pacific region, whose functional currency is not the same as the presentational currency of the Group. Foreign exchange risk also arises when individual companies within the group enter into transactions denominated in currencies other than their functional currency. Such transactions are kept to a minimum either through the choice of suppliers or presenting sales invoices in the functional currency.

Certain assets of the group companies are denominated in foreign currencies. Similarly, the Group has financial liabilities denominated in those same currencies. In general, the Group seeks to maintain the financial assets and financial liabilities in each of the foreign currencies at a reasonably comparable level, thus providing a natural hedge against foreign exchange risk and reducing foreign exchange exposure to a minimal level.

	2024 £000	2023 £000
Financial assets	**3,085**	5,026
Financial liabilities	**2,024**	2,733

The table below represents financial instruments that are denominated in currencies other than the functional currencies of the group entities:

	2024 US$000	2023 US$000
Financial assets	**4,555**	7,126
Financial liabilities	**1,861**	1,683

	2024 CA$000	2023 CA$000
Financial assets	**-**	25
Financial liabilities	**-**	13

	2024 €000	2023 €000
Financial assets	**501**	794
Financial liabilities	**171**	192

	2024 HK$000	2023 HK$000
Financial assets	**642**	683
Financial liabilities	**356**	442

	2024 SG$000	2023 SG$000
Financial assets	**61**	155
Financial liabilities	**435**	475

	2024 AU$000	2023 AU$000
Financial assets	**1,084**	470
Financial liabilities	**414**	266

A 10 per cent weakening of the Group's reporting currency against the United States Dollar would have the following impacts on the groups reporting currency on the financial assets and liabilities listed above in United States Dollar:

	2024 $000	2023 $000
Financial assets	**(322)**	(504)
Financial liabilities	**(132)**	(119)

(ii) Interest rate risk

The Group's interest rate exposure arises mainly from the interest-bearing borrowings as disclosed in note 24. All the Group's facilities were floating rates excluding interest from leases, which exposed the group to cash flow risk. As at 31 July 2024 there are no loans outstanding, (2023 - £nil) and the overdraft facility is available but not in use. Therefore, there is no material exposure to interest rate risk.

(c) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash flows for operations. The Group manages its risk to shortage of funds by monitoring forecast and actual cash flows. The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the majority of both its borrowings and payables.

The Group has no borrowings at 31 July 2024 (2023: £nil).

A maturity analysis of the Group's trade and other payables is shown below:

	2024 £000	2023 £000
Less than one year	**3,801**	4,233
	3,801	4,233

27 Pension commitments

The group operates defined contribution pension schemes. The assets of the schemes are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the funds.

	2024 £000	2023 £000
Pension charge	**446**	603
Pension liability	**53**	100

28 Share based payments

The Company operates five equity-settled share-based remuneration schemes for employees; two United Kingdom tax authority approved schemes (one EMI and one CSOP), an unapproved Performance Share Plan scheme, a share option plan for non-United Kingdom employees and an unapproved Non-Executive Director Plan. The UK plans includes employees from the Company and its main UK trading subsidiary essensys (UK) Ltd.

	Weighted average exercise price (£) 2024	Number 2024	Weighted average exercise price (£) 2023	Number 2023
Outstanding at the beginning of the year	**0.6139**	**5,420,483**	1.04	3,357,503
Granted during the year	**0.0025**	**610,244**	0.0025	2,702,178
Forfeited during the year	**0.6410**	**(2,625,621)**	0.4482	(375,157)
Exercised during the year	**0.0025**	**(50,488)**	0.0025	(264,041)
Outstanding at the end of the year	**0.4906**	**3,354,618**	0.6139	5,420,483

The weighted average exercise price of options outstanding at the end of the year was 49.06p (2023: 61.39p) and their weighted average contractual life was 7.32 years (2023: 7.21 years).

Market Value Options were valued using the Black Scholes option pricing model. Performance Share options granted and modifications made to pre-existing Performance Share options were valued using a Monte Carlo Simulation option pricing model. Expected dividends are not incorporated into the fair value calculations. The assumptions used in the calculations are as follows:

	2024	2023
Risk free investment	**3.83%**	3.03%
Expected life	**3**	3
Expected volatility	**50.3%**	56.8%

The volatility used for the share option grants during the current year was from historic volatility actually experienced by the group during the period from IPO. The expected life was based initially on the minimum vesting period with an assumption that more senior personnel would not exercise immediately. The risk-free rate was based on the yield on UK government 3-year gilts at the time of the grant.

The Group recognised a total Share based payment credit of £448,000 in the year (2023: £597,000 charge), all of which related to options in the Company issued immediately prior to the IPO or subsequent thereto.

29 Related party transactions

The Group has taken advantage of the exemption available under IAS 24 Related Party Disclosures not to disclose transactions between Group Undertakings which are eliminated on consolidation.

Key management personnel

Key management personnel include all the directors of the Company and the senior management and directors of essensys (UK) Limited and essensys, Inc, the Group's principal trading subsidiaries, who together have authority and responsibility for planning, directing, and controlling the activities of the Group. Details of key management compensation is shown in note 10.

Directors Loans

There were no directors' loans during the years ended 31 July 2024 and 31 July 2023.

30 Capital commitments and contingent liabilities

The Group had no capital commitments or contingent liabilities at 31 July 2024 (2023: £nil)

31 Events after the reporting date

The group received a payment of £912,000 in relation to a tax credit for investment in research and development activities. This receipt has been considered an adjusting post balance sheet event and so has been included within other receivables and a credit to the income statement.

32 Audit exemption

essensys (UK) Ltd (company number 05959557) is exempt from the requirements of the Companies Act 2006 relating to the audit of accounts under section 479A. essensys Plc has given a parental guarantee for all entities above under section 479C of the Companies Act 2006.

33 Notes supporting statement of cash flows

33 A Cash from operations

	2024 £000	2023 £000
Cash flows from operating activities		
Loss for the financial year before taxation	**(5,492)**	(15,461)
Adjustments for non-cash/non-operating items:		
Amortisation of intangible assets	**2,710**	2,081
Depreciation of property, plant and equipment	**765**	1,405
Depreciation of right of use assets	**1,247**	1,349
Impairment of goodwill	**-**	275
Impairment of intangible assets	**-**	350
Impairment of property, plant and equipment	**-**	313
Impairment of right of use assets	**-**	274
(Profit)/loss on disposal of fixed assets	**-**	(5)
Movement in expected credit loss provision	**153**	(241)
Inventory obsolescence provision	**290**	-
Share based payment expense	**(448)**	597
Losses on foreign exchange transactions	**(5)**	31
Finance income	**(21)**	(216)
Finance expense	**133**	164
Other	**(160)**	51
	(828)	(9,033)
Changes in working capital:		
Decrease/(increase) in inventories	**1,082**	286
Decrease/(increase) in trade and other receivables	**(1,497)**	2,060
(Decrease)/increase in trade and other payables	**(767)**	(3,058)
Cash used by operations	**(2,010)**	(9,745)

33 B Movement in net debt

	Cash and cash equivalents £000	Leases £000	Total £000
As at 31 July 2022	24,122	(3,128)	20,994
Lease additions	-	(292)	(292)
Effect of modifying lease term	-	(28)	(28)
Cashflow	(15,981)	2,006	(13,975)
Interest charge	-	(164)	(164)
Exchange movements	(279)	35	(244)
As at 31 July 2023	7,862	(1,571)	6,291
Lease additions	-	(1,074)	(1,074)
Effect of modifying lease term	-	(293)	(293)
Cashflow	(4,699)	1,592	(3,107)
Interest charge	-	(86)	(86)
Exchange movements	(62)	(8)	(70)
As at 31 July 2024	**3,101**	**(1,440)**	**1,661**

	Cash and cash equivalents £000	Leases £000	Total £000
Balances as at 31 July 2024			
Current assets	**3,101**	**-**	**3,101**
Current liabilities	**-**	**(1,008)**	**(1,008)**
Non-current liabilities	**-**	**(432)**	**(432)**
	3,101	**(1,440)**	**1,661**

	Cash and cash equivalents £000	Leases £000	Total £000
Balances as at 31 July 2023			
Current assets	7,862	-	7,862
Current liabilities	-	(1,264)	(1,264)
Non-current liabilities	-	(307)	(307)
	7,862	(1,571)	6,291

Company Statement of Financial Position

Registered Number: 11780413

as at 31 July 2024

	Notes	2024 £000	2023 £000 as restated	2022 £000 as restated
ASSETS				
Non-current assets				
Property, plant and equipment	C3	**57**	92	81
Investments	C4	**2,563**	2,498	2,361
Trade and other receivables	C5	**12,993**	14,165	17,210
Total non-current assets		**15,613**	16,755	19,652
Current assets				
Trade and other receivables	C5	**417**	741	733
Cash at bank and in hand	C6	**618**	3,051	20,099
Total current assets		**1,035**	3,792	20,832
TOTAL ASSETS		**16,648**	20,547	40,484
EQUITY AND LIABILITIES				
Equity				
Issued share capital	20	**162**	162	161
Share premium	21	**51,660**	51,660	51,660
Retained earnings		**(35,899)**	(31,841)	(12,232)
Total Equity		**15,923**	19,981	39,589
Liabilities				
Current liabilities				
Trade and other payables	C8	**725**	566	895
Total current liabilities		**725**	566	895
Total liabilities		**725**	566	895
TOTAL EQUITY AND LIABILITIES		**16,648**	20,547	40,484

As permitted by section 408 of the Companies Act 2006, the income statement of the parent company is not presented as part of the financial statements. The parent company's loss for the financial period was £3,610,000 (2023 (as restated): loss of £20,180,000) including an impairment charge of loans to subsidiaries of £1,400,000 (FY23: £14,800,000).

The financial statements were approved by the Board of Directors and authorised for issue on 25 November 2024.

Greg Price

Director

The notes on pages 89 to 92 form part of these financial statements.

Company Statement of Changes in Equity

for the year ended 31 July 2024

	Share capital £000	Share premium £000	Retained earnings £000	Total equity £000
31 July 2023 (as previously reported)	162	51,660	(32,200)	19,622
Prior year adjustment (see note C4)	-	-	359	359
31 July 2023 (as restated)	162	51,660	(31,841)	19,981
Comprehensive loss for the period				
Loss for the year	-	-	(3,610)	(3,610)
Transactions with shareholders				
Share based payment credit	-	-	(448)	(448)
Issue of new shares	-	-	-	-
31 July 2024	**162**	**51,660**	**(35,899)**	**15,923**

	Share capital £000	Share premium £000	Retained earnings £000	Total equity £000
31 July 2022 (as previously reported)	161	51,660	(12,454)	39,367
Prior year adjustment (see note C4)	-	-	222	222
31 July 2022 (as restated)	161	51,660	(12,232)	39,589
Comprehensive loss for the period				
Loss for the year	-	-	(20,180)	(20,180)
Transactions with shareholders				
Share based payment charge	-	-	571	571
Issue of new shares	1	-	-	1
31 July 2023	162	51,660	(31,841)	19,981

The notes on pages 89 to 92 form part of these financial statements.

Company Statement of Cash Flows

for the year ended 31 July 2024

	Notes	2024 £000	2023 £000 as restated
Cash flows from operating activities			
Loss for the financial period		**(3,613)**	(20,074)
Adjustments for non cash/non operating items:			
Depreciation of property plant and equipment		**35**	32
Impairment of investments in subsidiary undertakings		**68**	18
Impairment of loans to subsidiary undertakings		**1,358**	14,814
Share option charges in relation to options granted		**(578)**	310
Finance income		**(1,127)**	(1,065)
Other		**(1)**	(1)
		(3,858)	(5,966)
Decrease/(increase) in trade and other debtors		**324**	(8)
Increase/(decrease) in trade and other creditors		**160**	(329)
Cash used by operations		**(3,374)**	(6,303)
Corporation tax paid		**-**	-
Net cash used in operating activities		**(3,374)**	(6,303)
Cash flows from investing activities			
Purchases of property plant and equipment	C3	**-**	(43)
Loan issued to subsidiary undertakings		**(1,815)**	(11,768)
Proceeds from loan repaid from subsidiary undertakings		**1,628**	-
Interest received		**1,127**	1,065
Net cash used in investing activities		**940**	(10,746)
Cash flows from financing activities			
Proceeds from the issuance of new shares		**1**	1
Net cash generated from financing activities		**1**	1
Net decrease in cash and cash equivalents		**(2,433)**	(17,048)
Cash and cash equivalents at beginning of period		**3,051**	20,099
Cash and cash equivalents at end of the period		**618**	3,051
Cash and cash equivalents comprise:			
Cash at bank and in hand		**618**	3,051

The notes on pages 89 to 92 form part of these financial statements.

Notes to the company financial statements

for the year ended 31 July 2024

C1 Accounting policies

The accounting policies of the company are consistent with those adopted by the Group with the addition of the following:

Investments

Investments are stated at their cost less impairment losses.

C2 Deferred tax

The company has an unrecognised deferred taxation asset of £3,913,551 (2023: £3,149,586) in respect of tax losses. The company has not recognised the deferred tax asset due to the lack of certainty over recovery of the asset.

	2024 £000	2023 £000
Short term timing differences	**-**	-
Losses and other deductions	**3,914**	3,150
Unrecognised deferred taxation asset	**3,914**	3,150

C3 Property, plant and equipment

	Computer equipment £000
Cost	
At 1 August 2022	97
Additions	43
At 31 July 2023	**140**
Depreciation	
At 1 August 2022	16
Provision for year	32
At 31 July 2023	**48**
Net book value	
At 31 July 2023	**92**
At 31 July 2022	**81**

C4 Fixed asset investments

	Computer equipment £000
Cost	
At 1 August 2023 (as restated)	3,672
Capital contributions through share option charges	129
At 31 July 2024	**3,801**
Impairment	
At 1 August 2023 (as restated)	1,174
Charge	64
At 31 July 2024	**1,238**
Net book value	
At 31 July 2024	**2,563**
Cost	
At 1 August 2022 (as restated)	3,410
Capital contributions through share option charges	262
At 31 July 2023	**3,672**
Impairment	
At 1 August 2022 (as restated)	1,050
Charge	124
At 31 July 2023	**1,174**
Net book value	
At 31 July 2023	**2,498**

Prior year adjustment

The Company accounts have been restated to incorporate a prior year adjustment to correct the accounting for the apportionment of group share option charges, as set out in IFRS 2 Share-based Payment, where share options issued by the Company to employees of a subsidiary undertaking results in the Company increasing its investment in the subsidiary undertaking.

At the commencement of the comparative period (31 July 2022), the impact of the adjustment was to increase the cost value of investments by £1,272,000 and increase the impairment value of investments by £1,050,000. This results in an increase in retained earnings by £222,000 as at 31 July 2022.

For the year ended 31 July 2023, the impact of the adjustment was to increase the cost value of investments by £262,000 and increase the impairment charge recognised in the same year by £124,000. Once incorporating further adjustment for the credit recognised to the Company's equity for options issued to its employees of £261,000, and the impact of the cumulative adjustment as at 31 July 20222 of £222,000 outlined above, the net increase in retained earnings arising from the restatement as at 31 July 2023 is £359,000.

Subsidiaries

The subsidiary undertakings of the company as at 31 July 2024 and 31 July 2023 are listed in note 18 of the Group's financial statements.

C5 Trade and other receivables

	2024 £000	2023 £000
Current:		
Other debtors	**35**	85
Prepayments and accrued income	**276**	291
Amounts owing from group undertaking	**106**	365
Total	**417**	741
Non-current:		
Loans to subsidiary undertakings	**12,993**	14,165

The company applies the general approach to measuring expected credit losses (ECL) on related party loans which uses the three-stage approach for measuring the ECL. The ECL has been determined based on a lifetime ECL (2023: lifetime ECL), as there has been a significant increase in credit risk since its initial recognition.

Loans to subsidiary undertakings are net of a £17,372,000 impairment as a result of risk of repayment (2023: £16,014,000). The impairment charge in this financial year was £1,358,000 (2023: charge of £14,814,000). Recoverability of loans repayable from subsidiary undertakings has been assessed on the basis of financial performance and the company's ability to fund relevant operations. Where a subsidiary is now self-funding or showing excellent growth statistics and so will be self-funding in the near to medium term then loans have not been impaired.

The Company provided an initial loan to essensys (Hong Kong) Ltd on 20 October 2021 of £500,000. A further loan of £500,000 was provided on 25 April 2022. A further loan of £500,000 was provided on 20 September 2022 and a further loan of £50,000 was provided on 27 April 2023. A further loan of £10,000 was provided on 4 October 2023 and another £38,000 on 6 December 2023. The loans are unsecured, bear an annual interest rate of 4.5%, of which the interest is charged on a monthly basis and are repayable on demand but not expected to be recovered within one year. The loan was fully provided for in FY24 as a result of the restructure undertaken in FY23.

During the year the Company extended the loan to essensys (UK) Ltd by £1,554,000 (2023: £9,143,000). The loan impairment was increased in the year by £986,000 (2023: £9,238,000) as a result of the change in the ECL risk basis .

essensys (UK) Ltd assigned to the Company a loan of £2,793,000 repayable by essensys Inc in FY22. This loan was extended further by £1,326,000 in the same year. During the year no further loan extensions were made (2023: £nil), and essensys Inc made two repayments totalling £1,582,000. The loan has not been impaired and further repayments are expected in the next financial year.

essensys plc provided an initial loan to essensys (Europe) BV of £250,000 on 31 July 2021. Extensions were made to the original loan in the following financial year totalling £1,000,000. During the previous year the company extended the total loan made to essensys (Europe) BV by £447,000 on 20 February 2023. During the year the company made no extensions. The loan balance has been impaired by £1,490,000 (2023: £1,383,000) as a result of the change in the ECL risk basis.

essensys plc provided an initial loan to essensys (Australia) Pty Ltd on 14 December 2021 of £500,000. During the year the company extended the loan previously made to essensys (Australia) Pty Ltd by £79,000 on 29 February 2024. During the previous year the company extended the loan twice, totalling £700,000, in November 2022. All elements of the loan are unsecured, bears an annual interest rate of 4.5%, of which the interest is charged on a monthly basis and is repayable on demand but not expected to be recovered within one year. The loan balance has been impaired by £1,189,000 (2023: £1,107,000) as a result of the change in the ECL risk basis.

essensys plc provided an initial loan to essensys (Singapore) Pte Ltd on 12 January 2022 of £500,000. A further two loans of £500,000 were provided on 4 May 2022 and 18 July 2022, respectively. During the previous year the company extended the loan previously made to essensys (Singapore) Pte Ltd twice, first on 23 November 2022, providing £500,000 and then another on 1 February 2023 providing an additional £250,000. During the year the company extended the loan twice, first on 4 October 2023 to a value of £75,000, and then on 5 December to a value of £60,000. The loan is unsecured, bears an annual interest rate of 4.5%, of which the interest is charged on a monthly basis and is repayable on demand but not expected to be recovered within one year. The value of these loans has been fully provided for as a result of the restructure undertaken in FY23.

C6 Cash and cash equivalents

	2024 £000	2023 £000
Cash at bank and in hand	**618**	3,051
	618	3,051

C7 Share based payment reserve

The accounting policy for share-based payments is noted on page 62. Note 28 also details the calculations of the share-based payments relevant to the company and the wider group.

C8 Trade and other payables

	2024 £000	2023 £000
Trade payables	**371**	61
Other creditors	**15**	106
Accruals	**339**	399
	725	566

C9 Related party transactions

The company has a related party relationship with its subsidiaries and with its directors and executive officers as set out in note 29 above.

Transactions with related parties

Transactions with subsidiary undertakings are disclosed in note C4.

There are no other related party transactions.

Company Information

Registered office	One Finsbury Avenue London EC2 1FA
Registered number	11780413
Directors	Jon Lee *(Independent Non-Executive Chairman)* Mark Furness *(Chief Executive Officer)* Greg Price *(Chief Financial Officer)* – appointed 14 October 2024 Charles Butler *(Independent Non-Executive Director)*
Company Secretary	Abigail Hill One Finsbury Avenue London EC2 1FA
Nominated Advisor & Broker	Singer Capital Markets Advisory LLP One Bartholomew Lane London EC2N 2AX
Auditor	HaysMac LLP 10 Queen Street Place London EC4R 1AG
Tax advisers	RSM UK Tax and Accounting Limited 25 Farringdon Street London EC4A 4AB
Legal Advisers	Osborne Clarke LLP One London Wall London EC2Y 5EB
Registrars	Equiniti Limited Aspect House Spencer Road Lancing West Sussex BN99 6DA
Website	www.essensys.tech

Notice of Annual General Meeting

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended to seek your own financial advice from your stockbroker, bank manager, solicitor, accountant, or other independent adviser authorised under the Financial Services and Markets Act 2000 if you are resident in the UK or, if you reside elsewhere, another appropriately authorised financial adviser.

If you have recently sold or transferred all of your shares in essensys plc, please send this notice and the accompanying documents as soon as possible to the purchaser or transferee or to the person who arranged the sale or transfer, so they can pass these documents to the person who now holds the shares.

THE BOARD STRONGLY ENCOURAGES ALL SHAREHOLDERS TO VOTE ON THE RESOLUTIONS BY PROXY BEFORE THE DEADLINE OF 9:30 A.M. ON 16 DECEMBER 2024

The Annual General Meeting (AGM) of the members of the Company will be held at the offices of 1 Finsbury Avenue, London, EC2M 2PF on 18 December 2024 at 9:30 a.m.

To improve the shareholder engagement experience, especially for smaller and retail shareholders, the Company will provide a results roadshow presentation on 26 November 2024 through the Investor Meet Company platform, which will be available to all shareholders to attend. In addition to the physical Annual General Meeting, the proceedings of this year's AGM will be broadcast via the Investor Meet Company platform. Shareholders are encouraged to register for the video conference at https://www.investormeetcompany.com/essensys-plc/register-investor. Although the broadcast will not be an interactive forum, shareholders are invited to submit questions to the Board on matters to be discussed at the AGM by email in advance. For further information about how to contact us with your questions please see Note 2 on page 98. Any changes to the AGM arrangements contained in this Notice will be announced via RNS and will be available at: https://essensys.tech/investors/regulatory-news/.

A Form of Proxy for use at the AGM has been made available to all shareholders. Shareholders can return their proxy vote by post or (for CREST members) through CREST. Further information on voting by proxy is set out in the Notes to then Notice of AGM which is set out at the end of this document.

A copy of the Notice and our Annual Report and Accounts for the year to 31 July 2024 are also available on our website at https://essensys.tech/investors/company-documents/.

Explanatory Notes to the Resolutions

The below explanatory notes are intended to help you understand the effect of, and reasons for, the resolutions.

References to the Company's issued share capital below are to the Company's issued ordinary share capital as at the close of business on 25 November 2024 (being the latest practicable date prior to the approval of this document). No shares are held in treasury.

Resolutions 1 to 9 are ordinary resolutions and require a simple majority to pass. Resolutions 10 and 11 are special resolutions and require a majority of at least 75% to be passed.

Resolution 1 – Report and Accounts (Ordinary Resolution)
Section 437 of CA 2006 requires the Directors to lay copies of the Company's annual accounts and reports for the financial year ended 31 July 2024 before the shareholders at the AGM. This resolution addresses that requirement.

Resolution 2 – Director's Remuneration Report (Ordinary Resolution)
Although this vote is not binding, the Directors wish to give shareholders the opportunity to express their views in relation to directors' remuneration in an appropriate way. This resolution is intended to provide that opportunity.

Resolutions 3 to 6 – Directors (Ordinary Resolution)
In accordance with the Company's Articles of Association certain Directors are required to retire at each Annual General Meeting and, if willing, put themselves forward for re-election by shareholders. The Directors retiring and seeking re-election at the meeting are Mark Furness, Jonathan Lee, Charles Butler and Gregory Price.

Biographical details of all Directors can be found in the Annual Report and on the Company's website at https://essensys.tech/investors/the-board/

Resolutions 7 and 8 – Reappointment of Auditor and Auditor's Remuneration (Ordinary Resolution)
On the recommendation of the Audit Committee, the Board proposes as Resolution 7 that HaysMac LLP be re-appointed as auditor of the Company. Resolution 8 proposes that the Board be authorised to determine the level of the auditor's remuneration. Please refer to the Audit Committee Report in the Annual Report for further information.

Resolution 9 – Authority to Allot (Ordinary Resolution)
This resolution deals with the Directors' authority to allot securities in accordance with section 551 of the Companies Act 2006 and complies with the Investment Association Share Capital Management Guidelines issued in February 2023.

If passed, the resolution will authorise the Directors to allot:

(i) Equity Securities up to a maximum nominal amount of £107,710.04 which represents approximately two thirds of the Company's issued ordinary shares (excluding treasury shares) as at 30 October 2023 (being the latest practicable date prior to approval of this document) (ISC) in relation to a pre-emptive offer, with authority for the Directors to deal pragmatically with legal, regulatory and logistical issues arising from a fully pre-emptive offer (e.g. fractions of shares and overseas securities laws). This maximum is reduced by the nominal amount of any Equity Securities allotted under the authority set out in paragraph 11.2 of the resolution; and

(ii) Equity Securities up to a maximum nominal amount of £53,855.02 otherwise which represents approximately one third of the Company's ISC. This amount will be reduced to the extent that Equity Securities allotted pursuant to paragraph 11.1 exceed £53,855.02 in nominal value.

The maximum nominal amount of securities which may be allotted under this resolution is therefore £107,710.04.

The authority granted by this resolution will expire on the earlier of the conclusion of next year's annual general meeting and the date which is 15 months after the resolution is passed.

The Directors have no present intention to exercise the authority conferred by this resolution.

Resolution 10 – Disapplication of Statutory Pre-Emption Rights (Special Resolution)
Under CA 2006, the Directors require additional shareholder authority to issue Equity Securities for cash without first offering them to the whole shareholder base pro rata to their existing holdings in accordance with the statutory requirements of section 561 CA 2006. This resolution is seeking authority for the Directors to be able to allot Equity Security up to £16,165.50 nominal value representing 10% of the ISC free of those pre-emption rights. This resolution is conditional on resolution 11 being passed.

The Directors have no present intention to exercise the authority conferred by this resolution.

Resolution 11 – Share Buybacks (Special Resolution)
This resolution seeks authority for the Company to make market purchases of its own ordinary shares as permitted by the CA 2006 and is proposed as a special resolution. If passed, the resolution gives authority for the Company to purchase up to 6,466,201 ordinary shares, representing 10% of the Company's issued ordinary share capital (excluding treasury shares) as at 25 November 2024. The authority specifies the minimum and maximum prices that may be paid for any ordinary shares and shall expire (unless previously renewed, varied or revoked by the Company in general meeting) at the conclusion of the Company's next annual general meeting or, if earlier, on the date which is 15 months after the resolution is passed.

Although the directors do not currently have any intention of exercising the authority granted by this resolution, this resolution provides the flexibility to allow them to do so in the future. In considering whether to use this authority, the directors will take into account market conditions, appropriate gearing levels, the Company's share price, other investment opportunities and the overall financial position of the Company. The directors will only exercise the authority to purchase ordinary shares where they consider that such purchases will be in the best interests of shareholders generally and will result in an increase in earnings per ordinary share.

Any shares purchased in the market under this authority may be either cancelled or held as treasury shares, which may then be cancelled, sold for cash or used to satisfy obligations under its employee share schemes. The Company's current intention is to cancel any repurchased shares but retains the flexibility to hold any repurchased shares as treasury shares, if it considers this to be in the best interests of the Company. No dividends are paid on shares while they are in treasury and no voting rights attach to treasury shares.

Notice is hereby given that the Annual General Meeting (**AGM**) of essensys plc (**Company**) will be held at 1 Finsbury Avenue, London, United Kingdom on Wednesday 18 December 2024 at 9.30 a.m. to consider and, if thought fit, to pass the resolutions set out below. Resolutions 1 to 9 will be proposed as ordinary resolutions and resolutions 10 and 11 will be proposed as special resolutions.

Definitions

CA 2006	the Companies Act 2006
Company	essensys plc
Directors	the board of directors of the Company (or a duly constituted committee thereof)
Equity Securities	shall have the meaning given in section 560 of CA 2006
Ordinary Shares	ordinary shares in the capital of the Company

Report and Accounts

1. To receive the Annual Report and Accounts of the Company for the financial year ended 31 July 2024 together with the Directors' reports and auditor's report on those accounts.

Remuneration Report

2. To receive the Directors' Remuneration Report for the financial year ended 31 July 2024 as set out in the Annual Report and Accounts.

Directors

3. To re-elect Mark Furness as a Director of the Company.
4. To re-elect Jonathan Lee as a Director of the Company.
5. To re-elect Charles Butler as a Director of the Company.
6. To re-elect Gregory Price as a Director of the Company.

Auditor

7. To re-appoint HaysMac LLP as auditor of the Company to hold office until the conclusion of the next general meeting at which accounts are laid before the Company.
8. To authorise the Directors to determine the fees payable to the auditor.

Share Authorities

9. THAT, in accordance with section 551 of CA 2006, the Directors be generally and unconditionally authorised to allot Equity Securities:

    9.1. up to an aggregate nominal amount of £107,710.04 (such amount to be reduced by the nominal amount of any Equity Securities allotted pursuant the authority in paragraph 11.2 below) in connection with a fully pre-emptive offer:

    A. to holders of Ordinary Shares in proportion (as nearly as may be practicable) to their respective holdings; and

    B. to holders of other Equity Securities as required by the rights of those securities or as the Directors otherwise consider necessary,

    but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and

    9.2. in any other case, up to an aggregate nominal amount of £53,855.02 (such amount to be reduced by the nominal amount of any Equity Securities allotted pursuant to the authority in paragraph 11.1 above in excess of £53,855.02),

    provided that this authority shall, unless renewed, varied or revoked by the Company, expire at the conclusion of the next annual general meeting of the Company (or if earlier, the date which is 15 months from the date of the passing of the resolution) save that the Company may, before such expiry, make offers or agreements which would or might require Equity Securities to be allotted and the Directors may allot Equity Securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

    This resolution revokes and replaces all unexercised authorities previously granted to the Directors under section 551 of CA06, but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities.

10. THAT, subject to the passing of resolution 11, the Directors be authorised to allot Equity Securities for cash under the authority conferred by that resolution and/or to sell Ordinary Shares held by the Company as treasury shares for cash as if section 561 of CA 2006 did not apply to any such allotment or sale, provided that such authority shall be limited to:

    10.1. the allotment of Equity Securities in connection with an offer of Equity Securities (but, in the case of the authority granted under paragraph 11.1, by way of a rights issue only):

    A. to the holders of Ordinary Shares in proportion (as nearly as may be practicable) to their respective holdings; and

    B. to holders of other Equity Securities as required by the rights of those securities or as the Directors otherwise consider necessary,

    but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and

10.2. the allotment of Equity Securities or sale of treasury shares (otherwise than pursuant to paragraph 12.1 of this resolution) to any person up to an aggregate nominal amount of £16,165.50),

such authority to expire at the conclusion of the Company's next annual general meeting after the passing of this resolution or, if earlier, at the close of business on the date which is 15 months from the date of passing the resolution, save that the Company may, before such expiry make offers or agreements which would or might require Equity Securities to be allotted (or treasury shares to be sold) after the authority expires and the Directors may allot Equity Securities (or sell treasury shares) in pursuance of any such offer or agreement as if the authority had not expired.

Share Buybacks

11. That the Company be and is generally and unconditionally authorised for the purposes of section 701(1) of the CA 2006 to make one or more market purchases (within the meaning of section 693(4) of the CA 2006) on the London Stock Exchange of Ordinary Shares provided that:

11.1. the maximum aggregate number of Ordinary Shares authorised to be purchased is 6,455,201 (being approximately 10% of the Company's issued ordinary share capital);

11.2. the minimum price (excluding expenses) which may be paid for such Ordinary Shares is 0.25 pence per share;

11.3. the maximum price (excluding expenses) which may be paid for an Ordinary Share is the higher of:

A. 5% above the average of the middle market quotations for an Ordinary Share as derived from The London Stock Exchange Daily Official List for the five business days immediately preceding the date on which the Ordinary Share is purchased; and

B. the higher of the price of the last independent trade of an Ordinary Share and the highest current independent bid for an Ordinary Share on the trading venue where the purchase is carried out;

11.4. unless previously renewed, varied or revoked, the authority conferred shall expire on the earlier of the date which is 15 months from the date of the resolution being passed and the conclusion of the Company's next annual general meeting save that the Company may before the expiry of the authority granted hereby, enter into a contract to purchase Ordinary Shares which may be executed wholly or partly after the expiry of such authority.

25 November 2024

Registered office:
1 Finsbury Avenue
London, EC2M 2PF

By order of the Board
Gregory Price
Chief Financial Officer

Shareholder Information – Notes to Notice of Annual General Meeting:

The following notes explain your general rights as a Shareholder and your rights to attend and vote at the Annual General Meeting or to appoint someone else to vote on your behalf.

Shareholders viewing the meeting via the Investor Meet Company platform are advised to submit proxy votes in advance of the meeting as it will not be possible to submit votes online during the meeting.

1. Shareholders wishing to attend the meeting in person are asked to notify the Company of their proposed attendance by no later than 9.30 a.m. on 16 December 2024 via email with the subject “AGM” to company.secretary@essensys.tech to assist in the smooth running of the meeting.

2. If any shareholder has a question they would like to pose to the Board, this should be submitted to the Chair via company.secretary@essensys.tech by no later than 9.30 a.m. on 13 December 2024. Please title your email “essensys plc AGM” and include your full name and Shareholder Reference Number (as detailed on your Proxy Card). Questions may also be submitted via the Investor Meet Company platform at https://www.investormeetcompany.com/essensys-plc/register-investor. We will endeavour to respond to all questions asked via email. Where appropriate, responses will be prepared and delivered by the Board at the AGM via the Investor Meet Company webcast. The Company reserves the right to respond only to questions put by shareholders whose names are on the Company’s register of members at 6.30 p.m. on 16 December 2024.

3. A Shareholder entitled to attend and vote at the meeting may appoint one or more proxies to exercise all or any of the Shareholder’s rights to attend, speak and vote at the meeting. A proxy need not be a Shareholder of the Company but must attend the meeting for the Shareholder’s vote to be counted. If a Shareholder appoints more than one proxy to attend the meeting, each proxy must be appointed to exercise the rights attached to a different share or shares held by the Shareholder.

   Completion of a form of proxy, or other instrument appointing a proxy or any CREST Proxy Instruction will not preclude a Shareholder attending and voting in person at the meeting if he/ she wishes to do so.

4. Alternatively, if you are a member of CREST, you may register the appointment of a proxy by using the CREST electronic proxy appointment service. Further details are contained below. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting and any adjournment(s) thereof by using the procedures, and to the address, described in CREST Manual (available via www.euroclear.com/CREST) subject to the provisions of the Company’s articles of association. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

   In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a “**CREST Proxy Instruction**”) must be properly authenticated in accordance with Euroclear UK and International Limited’s (“**Euroclear**”) specifications and must contain the information required for such instructions, as described in the CREST Manual.

   The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer’s agent (RA19) by the latest time(s) for receipt of proxy appointments specified in the Notice of the Annual General Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Applications Host) from which the issuer’s agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

   CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

   The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

If you are an institutional investor, you may be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to www.proxymity.io. Your proxy must be lodged by 9:30 a.m. (UK time) on 16 December 2024 in order to be considered valid. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them, and they will govern the electronic appointment of your proxy.

5. If two or more persons are jointly entitled to a share conferring the right to vote, any one of them may vote at the meeting either in person or by proxy, but if more than one joint holder is present at the meeting either in person or by proxy, the one whose name stands first in the register of members in respect of the joint holding shall alone be entitled to vote in respect thereof. In any event, the names of all joint holders should be stated on the form of proxy.

6. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001 and section 360B(2) of the Companies Act, the Company specifies that in order to have the right to attend and vote at the General Meeting (and also for the purpose of determining how many votes a person entitled to attend and vote may cast), a person must be entered on the register of members of the Company at the close of business on 16 December 2024, or, in the event of any adjournment, at the close of business on the date which is two days before the day of the adjourned meeting. Changes to entries on the register of members after this time shall be disregarded in determining the rights of any person to attend or vote at the meeting.

7. Any corporation which is a Shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a Shareholder provided that they do not do so in relation to the same shares.

8. Any Shareholder attending the Annual General Meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

9. Any person to whom this Notice of Annual General Meeting is sent (or who is notified when this Notice of Annual General Meeting is available to view on the Company's website) who is a person nominated under section 146 of the Companies Act to enjoy information rights (a "**Nominated Person**") may have a right, under an agreement between him/her and the Shareholder by whom he/she was nominated, to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may have a right, under such an agreement, to give instructions to the Shareholder as to the exercise of voting rights. The statement of the above rights of the Shareholders in relation to the appointment of proxies does not apply to Nominated Persons. Those rights can only be exercised by Shareholders of the Company.

   I. Under section 527 of the Companies Act, Shareholders meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or

   II. any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act (in each case) that the Shareholders propose to raise at the relevant annual general meeting. The Company may not require the Shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act. Where the Company is required to place a statement on a website under section 527 of the Companies Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the Companies Act to publish on a website.

10. As at 25 November 2024 (being the last practicable date prior to the approval of this Notice) the Company's issued share capital consists of 64,662,015 Ordinary Shares, carrying one vote each. The total voting rights in the Company as at that date are 64,662,015.

Notice of Annual General Meeting continued

11. You may not use any electronic address (within the meaning of section 333(4) of the Companies Act) provided in this Notice of Annual General Meeting (or in any related documents) to communicate with the Company for any purposes other than those expressly stated.

12. A copy of this Notice, and other information required by section 311A of the Companies Act, can be found at www.essensys.tech.

13. If you need help with voting online, or require a hard copy form of proxy, please contact the Company's Registrar, Equiniti Limited on +44 (0)371 384 2030 (or, if calling from overseas, please ensure the country code is used). Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. A request can be made in writing to the Company's Registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA. Submission of a proxy vote shall not preclude a Shareholder from attending and voting in person at the meeting in respect of which the proxy is appointed or at any adjournment thereof.

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