Polarean Imaging Plc

Group Annual Report & Accounts
for the year ended 31 December 2024

Company Number 10442853

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Company Information

Directors	Kenneth West	*Non-Executive Chairman*
	Christopher von Jako, Ph.D.	*Chief Executive Officer*
	Charles Osborne	*Chief Financial Officer*
	Bastiaan Driehuys Ph.D.	*Chief Scientific Officer (Resigned 24 July 2024)*
	William Blair	*Non-Executive Officer (Resigned 24 July 2024)*
	Daniel Brague	*Non-Executive Director*
	Juergen Laucht	*Non-Executive Director*
	Cyrille Petit	*Non-Executive Director*
	Marcella Ruddy, M.D.	*Non-Executive Director (Resigned 24 July 2024)*
	Frank Schulkes	*Non-Executive Director*

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Chairman's Statement

2024 was the first full year for the Company's current Chief Executive Officer, Dr. Christopher von Jako. Chris has brought a great deal of energy and focus to the Company. The Board is very pleased with the progress he has made in developing a focused commercial strategy, securing financing to implement the strategy, and executing the commercial strategy once the financing was secured.

In a difficult financing environment for AIM listed companies, the Company closed a US$12.6 million (gross proceeds) in June 2024. The financing was enabled by the continued support from our strategic partners NUKEM Isotopes GmbH ("NUKEM") and Bracco Imaging S.p.A ("Bracco"). With the financing secured, the Company was able to recruit top-tier medical and sales talent to drive the commercial strategy of the Company forward.

The Company made good progress in all areas of its five-pillar growth strategy (Drive Utilisation, Grow User Base, Broaden Reimbursement, New Indications/Geography, Partnerships to Accelerate Growth). There were several key additions to the sales team during 2024 and early 2025, and the expanded sales force is beginning to have tangible results. The Company exceeded the top end of its revenue guidance for 2024, and pipeline is building nicely for 2025.

I am particularly excited about the progress in partnering with medical imaging companies and pharmaceutical companies, as I believe that partnerships are critical to the future success of the Company. The Company has a co-marketing deal with Philips that it signed in 2023 and has excellent relationships with GE HealthCare ("GE") and Siemens Healthineers ("Siemens"). We recently announced our first collaboration with a global pharmaceutical company to participate in a multi-site global drug clinical trial, along with our partner VIDA Diagnostics ("VIDA"). We believe this opens a very important new business vertical for the Company and further enhances the Company's value proposition for academic sites to build Xenon magnetic resonance imaging ("MRI") programmes. Partnerships for sales and for market expansion will be a significant driver for future growth, and we are seeing the first successes of these efforts.

In light of the challenging market environment recently and resulting impact on the Company's share price, we have increased our investor relations efforts and continue to explore other ways to support and grow our share price. We believe that continued execution of the Company's strategy will ultimately be recognised by the markets.

The momentum for functional lung imaging with the Xenon MRI platform has never been stronger. The annual Xenon MRI Clinical Consortium meeting in January 2025 was the largest ever, and included clinicians, scientists, and MRI and pharmaceutical companies. Academic research users of Xenon MRI platform continue to publish papers and present at conferences demonstrating how Xenon MRI could potentially revolutionise pulmonary and cardiopulmonary diagnostics. Reimbursement for our clinical uses is healthy and growing. With an expanded sales team and commercial partnerships in place and growing, we are excited for the future.

As Chris discusses in detail in his statement, the Company is facing some headwinds from the United States ("US") macroeconomic environment. The Board and management are monitoring the situation closely and will continue to adapt the company strategy to the changing environment.

On behalf of the Board, I would once again like to thank all our stakeholders for their continued support as we continue to commercialise this important technology for the benefit of patients.

Kenneth West
Non-Executive Chairman

7 May 2025

Chief Executive Officer's Statement

2024 – Strategy Refinement, Financing and Commercial Execution

My more than 30 years of medical technology experience have been invaluable as I have led Polarean along the path to commercialising our innovative pulmonary imaging technology. The year 2024 was my first full year with the Company, and it was one of significant progress and execution.

We achieved three major milestones during the year:

1. A comprehensive refinement of our commercialisation strategy
2. Securing financing to support the execution of that strategy
3. Recruiting top-tier medical and commercial talent to sell new systems and drive adoption

In addition to these strategic achievements, I am pleased to report that we exceeded our 2024 revenue guidance of US$2–3 million, reflecting growing clinical interest and commercial momentum in the market.

Strategy Development and Implementation

We have made solid progress across all fronts in executing our five-pillar strategy:

- **Drive utilisation:** The Polarean team has been consistently visiting our current and prospective clinical sites to educate referring physicians—such as pulmonologists, thoracic surgeons, radiation oncologists, and haematologist-oncologists—as well as imaging professionals, including radiologists, imaging scientists, magnetic resonance ("MR") technologists, and administrative staff. These engagements focus on demonstrating the clinical and research applications of our Xenon MRI platform utilising our US Food and Drug Administration ("FDA") approved XENOVIEW® inhaled MRI contrast agent. The addition of Dr. Chase Hall, a practising pulmonologist, as our Chief Medical Advisor during 2024 has brought valuable clinical insight to support our utilisation efforts. Interest in our technology—and the number of scans being performed across both clinical and research settings—has continued to grow.

- **Grow user base:** In September 2024, we appointed Dr. Alan Huang, as our Vice President of Global Sales and built a high-performing sales team, which is now comprised of six individuals. Alan previously served as General Manager of Philips' MRI business in the US and brings extensive leadership and commercial experience in MRI to Polarean. He also holds a PhD from the Johns Hopkins University School of Medicine, where he focused on applications of MRI—adding deep scientific expertise to his commercial acumen. Since joining, he has been instrumental in introducing structure and tools to our young sales process. The team made strong progress during the year, and the Company exceeded its 2024 revenue guidance. Given the relatively long sales cycle for capital equipment in imaging, the expanded sales efforts we began in 2024 are beginning to show results and we expect more rapid growth later in the year. In parallel, we are pursuing a disciplined and highly selective international expansion strategy. We have identified our first international partner in Taiwan, who will collaborate with us on the necessary regulatory and commercial planning. The Company is prioritising international markets where we can work with trusted distribution partners—organisations with strong local presence, a proven track record, and a shared commitment to introducing innovative technologies that advance lung health. At the same time, we are maintaining a focus on cost discipline to ensure that international growth remains aligned with our long-term strategic goals and delivers maximum impact and efficiency.

- **Broaden reimbursement coverage:** The Company has been working closely with its clinical sites to support their efforts in securing reimbursement for clinical Xenon MRI scans. We have received encouraging feedback that sites have successfully obtained reimbursement from both public and select private payers. In parallel, the Company continues to work with external consultants and engage with relevant medical societies to broaden reimbursement coverage for non-hospital settings and to advocate for wider adoption by additional private US health insurers.

Chief Executive Officer's Statement (continued)

- **Expand total addressable market:** In July 2024, the Company submitted a New Drug Application to the FDA to extend the use of our inhaled MRI contrast agent, XENOVIEW, to paediatric patients aged six years and older—down from the current label restriction of 12 years and older. Since that submission, we have been in regular communication with the FDA and anticipate approval in mid-2025, based on usual FDA approval timeframes, though no guarantees can be provided at this stage. This expanded indication would increase the US total addressable market (TAM) by approximately one million patients. Additionally, the Company held a Type C meeting with the FDA in March 2025 to discuss the proposed design of a clinical trial to expand the XENOVIEW® label to include gas exchange indications. Based on FDA feedback and de-risking from a 230+ subject proof-of-concept study, the Company now expects the trial to be significantly smaller and completed at an estimated cost of US$4.0 million to US$4.5 million, down from prior estimates of US$9.0 million to US$11.0 million.

- **Further develop partnerships:** The Company's existing strategic partnerships with Philips and VIDA continue to play an important role in expanding our reach. Philips is actively supporting efforts to raise awareness of Polarean among potential Xenon MRI platform customers for both clinical and research use in the US and internationally, and we work closely with them in these efforts. We also work closely with VIDA, who is introducing Polarean and our Xenon MRI platform to its extensive network of pharmaceutical partners to support drug development efforts. As interest in using Xenon MRI biomarkers to assess pulmonary treatment effects continues to grow, there remains a significant unmet need for a harmonised imaging platform to support drug development. This includes standardised image acquisition and processing protocols, quality control, and analytical tools to enable efficient multicentre trials—potentially reducing patient numbers or accelerating timelines. Polarean's partnership with VIDA, a leader in lung imaging intelligence, has enabled the creation of an imaging services platform to meet this need and expand a new revenue-generating business vertical for the Company. The Company was selected, in collaboration with VIDA, to support a multinational pharmaceutical partner's global clinical trial—an important milestone that further validates the role of Xenon MRI in therapeutic development. The trial is expected to begin in late 2025 at selected sites in the US and Canada equipped with Xenon MRI systems. Together with VIDA, Polarean will provide site qualification and training, image harmonisation, and biomarker analysis for the Xenon MRI sub-study. We continue to explore additional opportunities to expand this model with other pharmaceutical companies.

Financials

Sales for 2024 exceeded our original expectations. We began the year with revenue guidance of US$2.0 million to US$3.0 million and subsequently raised the lower end of that range to US$2.5 million as commercial momentum built. We ultimately surpassed the top end of our guidance, delivering revenue of US$3.1 million for the year.

We maintained a disciplined approach to spending, reducing cash operating expenses to US$8.5 million in 2024—down significantly from US$11.1 million in 2023. In June 2024, we completed a financing that generated gross proceeds of US$12.6 million. The Company ended the year with a cash balance of US$12.1 million.

2025 and Beyond

As outlined above, we continue to focus on executing our five-pillar growth strategy. We are pleased with the progress we made in 2024 and the investments we made in the last half of 2024 and early 2025 are actively building a strong commercial and clinical pipeline for the remainder of 2025 and beyond.

Chief Executive Officer's Statement (continued)

Macroeconomic conditions, including spending reductions by the US government and volatility related to US trade policies, have created headwinds for our academic hospital customers, many of whom rely heavily on US government grant funding. These conditions have introduced sector-wide uncertainty and led to delays in capital purchasing decisions. As a result, the Company expects that sales in 2025 will be weighted toward the second half of the year. However, supported by a robust pipeline of opportunities the Company has been actively building over the past year it remains confident in achieving its previously stated revenue guidance range of US$5.0 million to US$6.0 million.

In light of ongoing macroeconomic challenges, we are taking decisive action to strengthen our position. This includes pursuing new commercial and strategic partnerships to expand market access and accelerate growth. We are also proactively mitigating tariff-related supply chain risks through NUKEM's relocation of a significant volume of raw Xenon-129 gas—used in our gas blend cylinders—to the US. In parallel, we are maintaining strict cost discipline to preserve capital. As a result of these actions, we now project our existing cash resources will support operations through the second quarter of 2026—extending beyond our prior guidance of the first quarter of 2026.

We are encouraged with our continued progress towards our mission of revolutionising pulmonary medicine through direct visualisation of lung function. Our team remains focused and energised by the growing awareness and clinical adoption of the Xenon MRI technology platform, and our partners help us leverage our resources with their critical market access and technical expertise.

I would like to express my gratitude to the investors who supported us in our 2024 financing, particularly our long-term strategic partners, NUKEM and Bracco. I am also deeply appreciative of our exceptional team of employees, consultants, and advisers, whose dedication and expertise continue to drive the Company forward and contribute to improving the lives of patients.

We look forward to a productive and impactful 2025.

Christopher von Jako, Ph.D.
Chief Executive Officer

7 May 2025

Strategic Report

1. Introduction

The Group comprises medical drug-device combination companies operating in the high-resolution medical imaging market. The Group develops equipment that enables existing MRI systems to achieve an improved level of pulmonary functional imaging and specialises in the use of hyperpolarised xenon gas (“^{129}Xe”) as an imaging agent to visualise ventilation (the ability of air to reach the alveoli) and gas exchange (the ability of oxygen to diffuse through the alveolar membrane into the pulmonary vasculature) regionally down to the smallest airways of the lungs, the tissue membrane between the lung and the bloodstream and in the pulmonary vasculature; and now also microvascular haemodynamics within the lung, a novel diagnostic approach. The Group also sells high-performance MRI radiofrequency (RF) Chest Coils which are a required component for imaging hyperpolarised ^{129}Xe in the MRI system. Providing access to these Chest Coils facilitates the adoption imaging hyperpolarised ^{129}Xe with MRI (“Xenon MRI”) by providing application-specific RF Chest Coils which optimise the imaging of hyperpolarised ^{129}Xe in MRI equipment.

The Group was formed on 31 May 2017 when the Company acquired Polarean, Inc (the “Subsidiary”). The Subsidiary was formed as a result of two mergers: the first between Polarean Merger-Sub Inc. and m2m, a company that the Subsidiary had developed a relationship with during the course of previous research and commercialisation programmes in the US and the second between m2m and the Subsidiary. m2m was previously a portfolio company of Amphion Innovations plc (“Amphion”), a developer of medical, life science, and technology businesses, which was previously listed on AIM.

2. Investment Case

Pulmonary disease currently affects hundreds of millions of people globally. In the US the total addressable market is estimated to be over US$5 billion, including more than 40 million people suffering from airway diseases such as Chronic Obstructive Pulmonary Disease (“COPD”) and asthma. In addition, more than 14 million people suffer from lung tissue disease such as pulmonary fibrosis and more than 1 million people suffer from pulmonary vascular disease such as pulmonary hypertension.

Every type of pulmonary disease involves some combination of ventilation and/or gas exchange impairment, yet the successful and cost-effective treatment of lung disease is hampered by sub-optimal methods for quantifying pulmonary ventilation and gas exchange. Current diagnostic techniques are either imprecise (such as spirometry) and/or expose the patient to potentially dangerous radiation (such as x-rays, CT scans and nuclear scintigraphy). While spirometry has benefits as a screening tool, none of these current methods can visualise ventilation or gas exchange regionally in the smallest airways, where lung disease typically begins and where improvements from new pharmaceutical therapies can first be detected.

As such, the Group operates in an area of significant unmet medical need, and on 28 December 2022, the Company announced that the FDA had granted approval for its drug-device combination product, XENOVIEW™. XENOVIEW, prepared from the Xenon Xe 129 Gas (“^{129}Xe”) Blend, is a hyperpolarised contrast agent indicated for use with magnetic resonance imaging ("MRI") for evaluation of lung ventilation in adults and paediatric patients aged 12 years and older. On 28 December 2022, the Company also announced that simultaneously with the approval of the XENOVIEW NDA, two 510(k) devices were cleared by the FDA that will further support a successful launch of the technology into the clinical marketplace: XENOVIEW VDP software and the XENOVIEW 3.0T Chest Coil. XENOVIEW VDP is image processing software that analyses a Xenon MRI scan and a traditional chest MRI scan to provide visualisation and evaluation of lung ventilation in adults and paediatric patients aged 12 years and older. This image analysis platform quantifies normalised xenon intensity of a ventilated space using a Xenon MRI scan and accompanying traditional chest MRI scan. The software is used by clinicians to assist in the interpretation and numerical classification of hyperpolarised ^{129}Xe ventilation MR images. The XENOVIEW 3.0T Chest Coil is a flexible, single channel, transmit-receive (T/R) RF coil tuned to ^{129}Xe frequency on a 3.0T MRI magnetic field of a compatible MRI scanner. The XENOVIEW 3.0T Chest Coil is indicated to be used in conjunction with compatible 3.0T MRI scanners and XENOVIEW for oral inhalation for evaluation of lung ventilation in adults and paediatric patients aged 12 years and older. The Chest Coil is worn by a patient who inhales XENOVIEW to obtain an MRI scan of the regional distribution of hyperpolarised ^{129}Xe in the lungs.

Strategic Report (continued)

The Group's technology overcomes important limitations of current lung diagnostic methods, providing the ability to visualise, quantify and monitor both the structure and function of the smallest airways and alveolar spaces with enhanced sensitivity and without harmful radiation. This provides a unique, valuable and more precise tool to help diagnose disease earlier, identify the type of intervention likely to benefit a patient, monitor the efficacy of treatment and facilitate developing new therapies for pulmonary diseases.

3. Group Structure and History

The Company was incorporated in England and Wales on 24 October 2016 with company registration number 10442853. The Company's registered office is 27-28 Eastcastle Street, London, W1W 8DH.

On 31 May 2017, m2m, a company formed in the US State of Delaware on 18 February 1999, was merged into the Company.

On 29 March 2018, the Company's shares were admitted to trading on the AIM market of the London Stock Exchange.

4. Information on Polarean, m2m and Strategy of Group

4.1 Polarean, Inc. – Background

The Subsidiary was co-founded by Dr. Bastiaan Driehuys, a former Director of the Company, and John Sudol, a former director of the Subsidiary, in 2011. Prior to co-founding the Subsidiary, Dr. Driehuys was a member of a research team at Princeton University in the early 1990s which was amongst the first research teams to focus on hyperpolarised gas MRI technology; in particular isotopically enriched helium (^{3}He). The team developed and held key patents relating to the technology. The technology was acquired in 1999 by Amersham, Inc. ("Amersham"), with the goal of commercialising hyperpolarised ^{3}He products to be marketed and distributed alongside Amersham's full line of contrast agent products. Dr. Driehuys led the development efforts for Amersham, which continued the development of these hyperpolarised ^{3}He products throughout the early 2000s until GE Healthcare ("GE") acquired Amersham in 2004.

GE continued the research and development of hyperpolarised gas MRI after the acquisition of Amersham, focusing on ^{129}Xe as a more effective substitute for ^{3}He in visualising ventilation. GE also began to explore ways in which ^{129}Xe could be used to image gas exchange within the lung in addition to ventilation. These work programmes culminated in the conduct of a Phase I/II clinical trial at Duke University in 2008-2009. GE also filed Investigational New Drug Applications ('INDs") with the FDA for both ^{3}He and ^{129}Xe. By 2010, after an investment of approximately US$40 million in the technology and with the regulatory path for hyperpolarised gas remaining unclear, GE decided to out-license the hyperpolarised gas technology and the related patent families that it had developed and/or maintained to the Subsidiary, due to the scale at the time and the early-stage nature of the technology's development.

In December 2011, the Subsidiary negotiated the acquisition of all of GE's assets related to the hyperpolarised MRI project, including an inventory of hyperpolarisers and parts and the licenses (or outright ownership) of the related patent families.

Following the acquisition of GE's hyperpolarisation assets, the Subsidiary focused on three key objectives:

- building and selling hyperpolarisers to research users to generate operating revenue and to disseminate the technology to academic research institutions that generate clinical data in order to build additional interest in the technology;
- further developing the xenon hyperpolarisation technology to meet clinical use specification requirements; and
- liaising with the FDA to clarify the FDA regulatory path under which the product could achieve clearance to market for clinical use.

Strategic Report (continued)

In July 2012, the US Congress passed the FDA Safety and Innovation Act and the Medical Gas Act, which clarified and simplified the path under which hyperpolarised gas MRI technology could be approved for clinical use by the FDA.

As a result of discussions between the Group and the FDA, the Directors believed that a clearer path towards regulatory approval existed. As such, following the listing of shares on the AIM market the Group began conducting the clinical studies required for FDA approval to US market. On 28 December 2022, the Company announced that the FDA had granted approval for its drug-device combination product, XENOVIEW. XENOVIEW, prepared from the Xenon Xe 129 Gas Blend, is a hyperpolarised contrast agent indicated for use with MRI for evaluation of lung ventilation in adults and paediatric patients aged 12 years and older.

4.2 The Group's Technology and Products

The Subsidiary's lead product has been designated as a drug-device combination by the FDA. The Subsidiary's product enables the visualisation of Xenon MRI to help diagnose lung disease earlier, identify the type of intervention likely to benefit a patient and to monitor the efficacy of treatment. As a result of the FDA's drug-device designation, the Subsidiary's products were approved and are sold only for use with each other. The Group currently generates revenue from the sale of products within its Xenon MRI platform.

Implementing the Group's technology in a clinical setting is straightforward: prior to the MRI scan a patient breathes in a small amount of inert hyperpolarised ^{129}Xe gas (XENOVIEW) to provide an extremely strong MRI signal. This transforms the MRI from a technology that is not applicable to the lungs into one that can provide multiple images of the lung structure and function in one 10-20 second breath-hold. Xenon MRI overcomes the limitations of traditional pulmonary function testing (spirometry) as it:

- is more accurate and reproducible than spirometry and other traditional pulmonary function tests, enabling the detection and mapping of small and localised changes in lung ventilation and gas exchange over time;
- provides regional information about lung disease without exposure to ionising radiation or radioactivity; and
- assesses ventilation and gas exchange in the smallest airways, where disease often begins.

The Group's technology works in conjunction with traditional MRI, transforming it into a powerful diagnostic modality for the lung. The Group's approach is to take ^{129}Xe, an inert gas, and hyperpolarise the nucleus to create an MRI signal that is approximately 100,000 times stronger than a conventional MRI signal. When the MRI scan is undertaken, the hyperpolarised ^{129}Xe resonates at different frequencies when in different anatomical locations: (I) in the bronchioles and alveoli of the lung; (ii) in the membrane tissue of the lung; and (iii) when dissolved in arterial blood in the pulmonary vasculature, thus providing information on ventilation (the ability of air to reach the alveoli) and gas exchange (the ability of air to diffuse through the alveolar membrane into the pulmonary vasculature). As all pulmonary diseases result from impairments to the free flow of air through bronchioles, or from abnormal gas exchange between the lung alveoli and the pulmonary vasculature, the images that result from Xenon MRI scans which have been executed using the Group's technology can aid diagnosis, by enhancing the physician's ability to clearly identify issues with ventilation and gas exchange on a regional basis, down to the smallest of airways. Hyperpolarisation of the ^{129}Xe is accomplished by placing a non-radioactive isotope of Xenon ("^{129}Xe") into a beam of circularly polarised laser light in the presence of a very small concentration of the alkali metal Rubidium, which acts as a physical catalyst in the hyperpolarisation process. The result is ^{129}Xe whose nuclear magnetic spin is highly aligned but not chemically or biologically different than unpolarised ^{129}Xe, an inert gas. This hyperpolarised state persists for around 2 hours allowing ample time to administer XENOVIEW to the patient. The Group's products include:

- the ^{129}Xe gas, blended and made under GMP at high purity, to be polarised within the Company's hyperpolariser;

Strategic Report (continued)

- the hyperpolariser itself, of which the latest model, the Polarean 9820 Xenon Hyperpolariser, has been designed to deliver up to 3 litres of hyperpolarised ^{129}Xe per hour (approximately 5-10 doses) of which each dose is to be used within 30 minutes of its production in order to retain sufficient polarisation to create a strong image
- the dose delivery inhalation bag, made of XENOVIEW-compatible impermeable plastic materials and a mouthpiece for ease of inhalation; and
- the Polarean 2881 Polarisation Measurement Station, which provides a calibrated measurement of the polarisation of hyperpolarised gas within the dose delivery inhalation bag.

The Group currently designs and builds the hyperpolariser equipment at a contract manufacturer and has relationships with GMP gas producers to supply the Group with high purity ^{129}Xe according to the Group's specifications.

In order to take advantage of the Group's current products, an MRI machine is required to be outfitted with hardware and software capable of operating at ^{129}Xe frequency to detect the Xenon MRI signal. In addition, the patient will need to wear the XENOVIEW 3.0T Chest Coil to allow for detecting the Xenon MRI signal in the lungs.

Approximately 35,000 MRI machines are currently in use worldwide and technically many of these can be easily adapted to be used with ^{129}Xe frequency. The Group's products can be placed near the MRI scanner for ease of radiology workflow.

4.3 Location

The Group is based at the Meridian Corporate Center, located in the Research Triangle Park area of North Carolina, which provides a favourable location at which to further develop the core technology and product range. The Group's facilities consist of more than 6,900 square feet of combined offices, laboratory space, inventory warehouse and testing areas. The Group benefits from facilities that were originally purpose-built by GE for the design and manufacture of hyperpolarisation equipment and components, pursuant to FDA-mandated guidelines.

Within these facilities is a dedicated research and development laboratory equipped with 3-phase power, central compressed air, specialty gas handling and distribution and separate heating, ventilation and air conditioning. The laboratory is designed for the safe operation of class 4 lasers and is equipped with laser power and spectral testing apparatus.

The Group also maintains a dedicated hyperpolariser test bed that is used for product development and a dedicated Nuclear Magnetic Resonance ("NMR") system capable of delivering available electromagnetic field strength, utilised for calibrating absolute polarisation measurements of hyperpolarised gas samples.

4.4 The Regulatory Environment

Prior to the receipt of any approvals for clinical use, the Group sold its hyperpolarisers and disposables for research use only to academic medical centres with their research being subject to oversight by their respective institutional review boards and conducted under IND from the FDA or equivalent regulatory body.

On 28 December 2022, the Company announced that the FDA had granted approval for its drug device combination product, XENOVIEW. XENOVIEW, prepared from the Xenon Xe 129 Gas Blend, is a hyperpolarised contrast agent indicated for use with MRI for evaluation of lung ventilation in adults and paediatric patients aged 12 years and older. When used according to the approved FDA label, no further institutional or FDA approval is needed for clinical use.

4.5 The Group's Customers

The Group's existing customer base already comprises some of the world's luminary medical imaging research institutions. Indeed, there are numerous research institutions worldwide utilising the Group's system and products, including Cincinnati Children's Hospital, the University of Virginia, the University of Missouri, Duke University, University of Kansas, the University of Iowa, University of Alabama Birmingham and the University of Texas MD Anderson Cancer Center in the US, Robarts Research Institute, Hospital for Sick Children (SickKids) and University of British Columbia in Canada, the University of Oxford and the University of Nottingham in the UK and the Fraunhofer Institute for Toxicology and Experimental Medicine in Germany.

4.6 The Group's Suppliers

The Group has a long-standing relationship with its strategic investor NUKEM Isotopes GmbH ("NUKEM Isotopes"), a leading global supplier of ^{129}Xe, the isotope of xenon which is provided to the various gas blenders that in turn supply gas to the Group. It has a supply agreement with NUKEM Isotopes for ^{129}Xe.

In June 2020 the Group signed an agreement with Linde Gas North America LLC ("Linde"), in relation to the supply of the Group's drug product, a ^{129}Xe gas blend. This agreement contains provision for the supply of bulk ^{129}Xe to be manufactured into the Active Pharmaceutical Product (API), and for the blending, packaging, and distribution of its drug product under GMP. On 28 December 2022, the Group signed an amended agreement with Linde, which modified some commercial terms and limited the agreement to the blending packaging and distribution of its drug product under GMP.

The Group has an arrangement with the Blur Product Development ("Blur") of Cary, North Carolina, USA to build its hyperpolariser systems in Blur's GMP facilities.

4.7 Current Trading and Prospects

Trading of the Group since the Company's IPO continues to be in line with the Directors' expectations. The potential of the Group's technology enables the Directors to view the future with confidence as the Company focuses on commercialisation of XENOVIEW.

4.8 Growth Strategy

With the FDA approval, the Group is adopting a traditional market entry strategy of building market awareness for its technology through key opinion leaders and a direct sales force to reach the key decision makers within its initial target market of large academic medical centres. In implementing this strategy, the Group benefits from approximately 1,000 journal articles on the use of Xenon MRI that are currently published in peer-reviewed journals. Over time, as more centres purchase the Group's equipment and expand clinical use, an increasing number of peer-reviewed scientific articles are likely to be published, further enhancing the Group's credibility and raising awareness of the Group's technology. The Directors believe that the market for hyperpolarisers will grow as the technology gains wider acceptance as a tool for studying lung disease and for monitoring the effectiveness of therapeutics. The Group also intends to continue patenting and in-licensing hyperpolarised gas technology IP to protect and expand its current position.

The Group's initial sales targets will be the radiology and pulmonary medicine departments of top academic hospital organisations in the US, who are opinion leaders in the use of new diagnostic technologies and their application in a clinical setting.

The Group has expanded its sales and marketing teams. Because of the specialty nature of the Group's products in the pulmonary specialist market, which is concentrated in approximately 1,000 medical centres, the Directors believe that a small specialty sales force can be deployed effectively at reasonable cost.

The Group may also choose to partner with companies that offer complementary products, to more efficiently and more rapidly address US markets and enter non-US markets.

Strategic Report (continued)

Furthermore, the Directors believe that the Group's products will benefit a number of clinical applications. While the Group's Xenon MRI technology provides more specific information than currently available from existing lung diagnostic procedures (especially spirometry), the Group will focus its use on specific clinical conditions where the high accuracy of Xenon MRI and greater cost are justified. The Directors do not believe that Xenon MRI will replace low-cost spirometry as a general screening tool but believe that it should add value in more demanding clinical applications where Xenon MRI addresses unmet diagnostic needs. These applications could include, but are not limited to, the following:

- determining the optimal use of biologic therapy in chronic asthma:
- the monitoring of COPD therapy, especially for the most severe cases;
- the management of cystic fibrosis;
- early detection of adverse events from stem cell transfusions, which manifest in the alveoli of the lung;
- a more efficient diagnosis of dyspnoea and the chronic cough;
- providing guidance for radiation therapy planning of lung cancer treatment;
- providing guidance for interventional pulmonology procedures including the placement of valves and stents;
- surgical procedure planning for lung transplant and volume reduction surgery;
- diagnosis of ILD and monitoring of ILD therapy;
- diagnosis of pulmonary vascular disease (PVD) including pulmonary arterial hypertension (PAH) and monitoring of therapy; and
- diagnosis and monitoring of long COVID patients.

The Group has begun to develop additional relationships with a range of strategic partners and will evaluate opportunities that will enable the Group to address its target markets globally, either alone or in collaboration with a partner.

4.9 Key Financial Performance Indicators

The key financial performance indicators for the Company during 2024 were achieving revenue of between US$2 million and US$3 million (later upgraded to US$2.5 million at the lower end) and raising sufficient capital to fund operations through the first quarter of 2026. The Company achieved revenue of US$3.1 million for 2024. During 2024, the Company raised US$12.6 million (before expenses), which the Company believes will fund operations through the second quarter of 2026.

5. Intellectual Property ("IP")

The Group's technology includes both internally developed patents and patents exclusively licensed from Duke University. The Group's portfolio covers four broad types of patents:

- **imaging methods** – these cover the imaging of a subject, or patient, who has inhaled a hyperpolarised noble gas and the functionality of the gas as a contrast agent, as well as methods to process, analyse and display Xenon MRI images. These patents cover the use of Xenon MRI for gas exchange and cardiopulmonary imaging.
- **hyperpolarisation methods** – these are polarimetry patents covering the methods by which noble gases are polarised and the methods by which the resulting polarised gas is isolated and delivered to patients.
- **hyperpolarisation equipment** – these patents cover the multiple preferred mechanical design and automation elements of hyperpolarised equipment; and
- **RF coil patents** – these patents cover the use of cryogenics to improve RF coils SNR and image quality and may play an important part in the next generation of applications such as neurological, cardiac and oncology imaging.

Strategic Report (continued)

Polarean is committed to proactively developing further IP, both internally and through licensing arrangements with third parties, as part of the Group's overall growth strategy. The third parties are likely to include the Group's key collaborative academic sites, such as Duke University, that are seeking to develop emerging applications and technologies. Because of the Group's extensive patent portfolio and leading market position, the Directors believe the Group is an attractive licensing partner for academic research institutions that are interested in out licensing such IP. The Group's licensing agreement with Duke University has resulted in exclusive rights to commercialise a number of gas exchange imaging and cardiopulmonary imaging patents.

6. Principal Risks and Uncertainties

The principal risks and uncertainties facing the Group are detailed below:

Early stage of operations

The Group's operations are at an early stage of development and there can be no guarantee that the Group will be able to, or that it will be commercially advantageous for the Group to, develop its proprietary technology. Further, the Group currently has no positive operating cash flow and its ultimate success will depend on the Directors' ability to implement the Group's strategy, generate cash flow and access capital markets.

Principal mitigation

The Group has successfully advanced the ^{129}Xe technology for several years, including selling hyperpolarisers for both the research and clinical markets. The Group has been able to access the capital required to continue to advance the technology.

Regulatory approvals and compliance

The Group will need to obtain and/or maintain various regulatory approvals (including FDA and European Medicines Agency ("EMA") approvals) and otherwise comply with extensive regulations regarding safety, quality and efficacy standards in order to market its current and future products. These regulations, including the time required for regulatory review, vary from country to country and can be lengthy, expensive and uncertain.

Principal mitigation

The Group utilises external specialists in regulatory affairs who consult with other experts to ensure that internal control processes and clinical trial designs meet current regulatory requirements. The Group also engages directly with regulatory authorities when appropriate.

Future funding requirements

The Group will need to raise additional funding and/or enter into a strategic partnership with industry partners to undertake work beyond that being funded by the approximate US$12.6 million (before expenses) June 2024 fundraising. There is no certainty that this will be possible at all or on acceptable terms.

Principal mitigation

The Group successfully engaged with investors to generate significant cash resources to date, including the 2024 financing that raised approximately US$12.6 million, before expenses. The Group's management team expects that continued access to capital markets, or other access to capital, will be required to support the Group through further regulatory approvals and continued commercialisation efforts in the US. See the Going Concern discussion below.

Strategic Report (continued)

Dependence on key personnel

The success of the Group, in common with other businesses of a similar size, will be highly dependent on the expertise and experience of the Directors and key employees. However, the retention of such key personnel cannot be guaranteed. Should key personnel leave the Group's business, prospects, financial condition or results of operations may be materially adversely affected.

Principal mitigation

The Group's recruitment processes are designed to identify and attract the best candidates for specific roles. The Group aims to provide competitive rewards and incentives to staff and directors.

Intellectual property and proprietary technology

No assurance can be given that any current or future patent applications will result in granted patents, that the scope of any patent protection will exclude competitors or provide competitive advantages to the Group, that any of the Group's patents will be held valid if challenged or that third parties will not claim rights in or ownership of the patents and other proprietary rights held by the Group.

Principal mitigation

The Group has a long-standing track record of IP generation and successful applications and has a long-standing relationship with our patent attorney who has a deep understanding of our technology. The Group actively manages its IP, engaging with specialists to apply for and defend IP rights in appropriate territories.

Technology and products

The Group is a developer and service provider for noble gas ^{129}Xe devices and ancillary instruments with a special focus on pulmonary imaging. The development and commercialisation of its proprietary technology and future products, which are in various stages of development, may require multiple series of clinical trials and there is a risk that safety and efficacy issues may arise when the products are tested. There is also a risk that there will be delays to the development of the products or that unforeseen technical problems arise as the Group's technology becomes increasingly automated. These risks are common to all new medical products and there is also a risk that the clinical trials may not be successful.

Principal mitigation

The Group has a depth of knowledge and experience in the area of medical devices development for the high-resolution medical imaging market. The Group also utilises external experts to supplement their knowledge in critical areas such as safety, manufacturing and software development.

Research and development risk

The Group operates in the life sciences and medical device development sector and looks to exploit opportunities within that sector. The Group will therefore be involved in complex scientific research and industry experience indicates that there may be a very high incidence of delay or failure to produce results. The Group may not be able to develop new products or to identify specific market needs that can be addressed by technology solutions developed by the Group.

Principal mitigation

The Group has a depth of knowledge and experience in the area of medical devices development for the high-resolution medical imaging market. The Group also utilises external experts to supplement their knowledge in critical areas such as conducting clinical trials and regulatory affairs.

Strategic Report (continued)

Competition

The Group notes that several start-ups operating in the CT software space have begun efforts to commercialise products that represent to characterise lung ventilation. These technologies use ionising radiation, whereas the Group's technology does not. In addition, these technologies are unable to further assess gas exchange, red blood cell transport, nor microvascular haemodynamics.

Principal mitigation

The Group believes that these emerging technologies validate the unmet need for the use of imaging in assessing pulmonary function. However, their use of ionising radiation, combined with their inability to assess comprehensive pulmonary function will render their utility limited and the Directors see no effect on the current market expectations of Polarean.

Reliance on third parties

The business model for the Group anticipates that it will have limited internal resources over the next few years and that it will use third-party providers wherever possible to conduct the research, development, registration, manufacture, marketing and sales of its proposed products. The commercial success of the Group's products will depend upon the performance of these third parties.

Principal mitigation

The Group seeks experts in the areas where it utilises outsourcing. Wherever possible, the Group seeks to have duplicate suppliers to lessen the reliance on a particular vendor.

Manufacturing

There can be no assurance that the Group's products will be capable of being manufactured in commercial quantities, in compliance with regulatory requirements and at an acceptable cost. The Group outsources the manufacture of the raw materials and finished products required in connection with the research, development and commercial manufacture of its products and proposed products and, as such, is wholly dependent upon third parties for the provision of adequate facilities and raw material supplies. ^{129}Xe, the specific isotope of xenon which is the active ingredient in the Group's drug-device product, is available from a limited number of suppliers and there can be no assurance that adequate supplies of this material at an acceptable cost can be obtained. In addition, where the Group is dependent upon third parties for manufacture, its ability to procure the manufacture of the drug-device in a manner that complies with regulatory requirements may be constrained, and its ability to develop and deliver such products on a timely and competitive basis may be adversely affected.

Principal mitigation

The Group has designed the manufacturing process to be scalable and has internal experts who train the outside manufacturing vendors. The Group has established relationships with two ^{129}Xe suppliers to mitigate the risk that ^{129}Xe supply will be a limitation to the development and commercialisation of its products. In addition, the Group has established a relationship with a GMP outside hyperpolariser manufacturer.

Product development timelines

Product development timelines are at risk of delay, particularly since it is not always possible to predict what the FDA will require for approval of future NDAs. There is a risk therefore that product development could take longer than presently expected by the Directors. If such delays occur the Group may require further working capital. The Directors shall seek to minimise the risk of delays by careful management of projects.

Principal mitigation

The Group utilises consultants who are experts in preparing and filing future NDAs in the US.

Strategic Report (continued)

General legal and regulatory issues

The Group's operations are subject to laws, regulatory restrictions and certain governmental directives, recommendations and guidelines relating to, amongst other things, occupational safety, laboratory practice, the use and handling of hazardous materials, prevention of illness and injury, environmental protection and animal and human testing. There can be no assurance that future legislation will not impose further government regulation, which may adversely affect the business or financial condition of the Group.

Principal mitigation

The Group consults experts for advice in areas such as occupational safety, laboratory practice and human testing.

Healthcare pricing environment

In common with other healthcare products companies, the ability of the Group and any of its licensees or collaborators to market its products successfully depends in part on the extent to which reimbursement for the cost of such products and related treatment will be available from government health administration authorities, private health coverage insurers and other organisations.

Principal mitigation

The Group is consulting with several experts in the field of reimbursement for healthcare products in the US to determine the best strategy for accessing adequate reimbursement for its products.

7. Section 172 statement

As required by section 172 of the Companies Act 2006 (the "Act"), a director of a company must act in the way he or she considers, in good faith, would likely promote the success of the company for the benefit of the shareholders. In doing so, the director must have regard, amongst other matters, to the following issues:

- the likely consequences of any decisions in the long term;
- the interests of the company's employees;
- the need to foster the company's business relationships with suppliers/customers and others;
- the impact of the company's operations on the community and environment;
- the company's reputation for high standards of business conduct; and
- the need to act fairly between members of the company.

The information required by section 172 of the Act is included in the Strategic Report, the Directors Report on pages 18 to 23 and the Corporate Governance Statement on pages 24 to 30.

Kenneth West
Non-Executive Chairman

7 May 2025

Directors' Report

The Directors present their report on the affairs of Polarean Imaging plc (the "Company") and its subsidiary, referred to as the Group, together with the audited Financial Statements and Independent Auditors' Report for the year ended 31 December 2024.

Principal activities

The main activity of the Group is a drug-device manufacturer and service provider for noble gas hyperpolariser devices, its proprietary ^{129}Xe drug and ancillary instruments with a special focus on pulmonary imaging.

Results and dividends

During the year ended 31 December 2024 the Group recorded a loss after tax of US$8,539,972 (2023: US$11,884,803) and a net cash outflow from operating activities of US$5,607,823 (2023: US$10,434,998). The Company's key financial performance indicators are discussed in the Strategic Report on page 12.

The Directors do not recommend the payment of a dividend (2023: US$Nil).

Going concern

In considering the appropriateness of this basis of preparation, the Directors have reviewed the Group's working capital forecasts for a minimum of 12 months from the date of the approval of this financial information. Based on their consideration, the Directors have a reasonable expectation that the Group has adequate resources to continue for the foreseeable future and that carrying values of intangible assets are supported. Thus, they continue to adopt the going concern basis of accounting in preparing this financial information.

In considering the appropriateness of this basis of preparation, the Directors have reviewed the Group's working capital forecasts for a minimum of 12 months from the date of the approval of this financial information. Based on a forecast though 2028, it is anticipated that additional capital will need to be raised by the end of the second quarter of 2026 in order to continue to fund the Group's activities at their planned levels beyond this date. This represents a material uncertainty that may cast significant doubt about the Group's and the Company's ability to continue as a going concern. However, the Directors have a reasonable expectation that this uncertainty can be managed to a successful outcome given the oversubscribed nature of the recent fundraising. Based on that assessment, the Group has adequate resources to continue for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing these financial statements.

Future developments

The Company's future developments are outlined in the Strategic Report on page 8.

Research design & development

Research and development ("R&D") is performed by employees of the company and through collaborative efforts with academic researchers. The Group is committed to increasing its R&D budget to meet anticipated market demands for additional technology. In addition, the company also in-licenses technology from collaborative academic institutions. Details of R&D carried out during the year are contained in the Strategic Report.

Financial risk management

Financial risk management policies and objectives for capital management are outlined in the principal risks and uncertainties section of the Strategic Report on pages 8 to 17 and the exposure to market risk, credit risk and liquidity risk in note 25 to the financial statements.

Directors' Report (continued)

Directors' indemnities

The Group has made qualifying third-party indemnity provisions for the benefit of its Directors, which were made during the year and remain in force at the date of this report.

Events after the reporting period

Details of significant events since the reporting period are contained in note 28 of the financial statements.

Directors		Resigned/Appointed
Kenneth West	Non-Executive Chairman	–
Christopher von Jako	Chief Executive Officer	–
Charles Osborne	Chief Financial Officer	–
Bastiaan Driehuys, Ph.D.	Chief Scientific Officer	Resigned 24 July 2024
William Blair	Non-Executive Director	Resigned 24 July 2024
Daniel Brague	Non-Executive Director	–
Juergen Laucht	Non-Executive Director	–
Cyrille Petit	Non-Executive Director	–
Marcella Ruddy, M.D.	Non-Executive Director	Resigned 24 July 2024
Frank Schulkes	Non-Executive Director	–

Directors' emoluments

2024	Salary, Fees & Bonus US$	Benefits US$	Share-Based Payments US$	Total US$
Executive Directors				
Bastiaan Driehuys (Note A)	20,605	–	137,031	157,636
Charles Osborne	333,459	13,359	80,315	427,133
Christopher von Jako	530,092	21,424	634,255	1,185,771
Non-Executive Directors				
William Blair (Note A)	18,400	–	4,715	23,115
Daniel Brague	36,500	–	55,014	91,514
Juergen Laucht	41,500	–	46,984	88,484
Cyrille Petit	36,500	–	54,838	91,338
Marcella Ruddy (Note A)	17,782	–	22,625	40,407
Frank Schulkes	36,500	–	57,788	94,288
Kenneth West	70,000	–	122,977	192,977
Total	**1,141,338**	**34,783**	**1,216,542**	**2,392,663**

Note A: On 24 July 2024 Bastiaan Driehuys, William Blair and Marcella Ruddy resigned from the Board of Directors.

Directors' Report (continued)

2023	Salary, Fees & Bonus US$	Benefits US$	Share-Based Payments US$	Total US$
Executive Directors				
Bastiaan Driehuys	36,500	–	37,552	74,052
Richard Hullihen (Note A)	351,322	15,896	101,066	468,284
Charles Osborne	377,903	11,916	54,076	443,895
Christopher von Jako (Note A)	240,341	468	377,019	617,828
Non-Executive Directors				
William Blair (Note A)	8,225	–	3,143	11,368
Daniel Brague	36,500	–	77,538	114,038
Juergen Laucht	41,500	–	37,552	79,052
Cyrille Petit	36,500	–	53,646	90,146
Marcella Ruddy	31,500	–	95,601	127,101
Frank Schulkes	36,500	–	82,134	118,634
Kenneth West	70,000	–	37,552	107,552
Total	**1,266,791**	**28,280**	**956,879**	**2,251,950**

Note A: Richard Hullihen resigned as CEO and Executive Director on 20 June 2023. Christopher von Jako was appointed CEO and Executive Director on 20 June 2023. William Blair was appointed Non-Executive Director on 27 September 2023.

Directors' interests

The Directors who held office at 31 December 2024 had the following direct interest in the ordinary shares of the Company at 31 December 2024.

Directors' beneficial interests in shares of the Company: (Notes A and B)

	2024 Number	2024 %	2023 Number	2023 %
Daniel Brague	1,573,749	0.1	–	–
Bastiaan Driehuys (Note B)	13,989,708	1.2	12,267,503	5.7
Juergen Laucht	944,249	0.1	–	–
Charles Osborne	1,967,187	0.2	–	–
Cyrille Petit	4,911,812	0.4	584,000	0.3
Frank Schulkes	1,573,749	0.1	–	–
Christopher von Jako	6,294,999	0.5	–	–
Kenneth West	6,424,177	0.5	3,276,678	1.5

Note A: The shareholdings noted above include those shares held by connected persons of the individual director.

Note B: On 24 July 2024 Bastiaan Driehuys, William Blair and Marcella Ruddy resigned from the Board of Directors.

Directors' beneficial interests in options to subscribe for additional shares of the Company:

	2024 Number	2023 Number
William Blair (Note B)	–	500,000
Daniel Brague	3,379,691	500,000
Bastiaan Driehuys (Note B)	21,325,790	1,686,000
Juergen Laucht	4,948,834	884,400
Charles Osborne	9,656,262	1,700,000
Cyrille Petit	4,948,834	500,000
Marcella Ruddy (Note B)	–	500,000
Frank Schulkes	3,379,691	500,000
Christopher von Jako	29,693,006	5,325,000
Kenneth West	18,105,491	2,263,218

Note A: The options holdings noted above include those shares held by connected persons of the individual director.

Note B: On 24 July 2024 Bastiaan Driehuys, William Blair and Marcella Ruddy resigned from the Board of Directors.

Directors' beneficial interests in warrants to subscribe for additional shares of the Company:

	2024 Number	2023 *Number*
Bastiaan Driehuys	–	148,456

The warrants issued to Bastiaan Driehuys have an exercise price of US$0.00037. These warrants were exercised in the year. The warrant holdings noted above include those warrants held by connected persons of the individual director.

Share option schemes

In order to provide incentive for the management and key employees of the Group, the Company awards share options. The Directors defined a new plan in 2018 and implemented it. The existing options granted prior to the merger were converted to options in Polarean Imaging plc.

The Company has the Polarean Imaging plc Share Option Plan (the "Plan"), which was established as of 29 March 2018 and amended and restated on 28 June 2023 and 24 July 2024. Under the Plan, the number of ordinary shares that may be allocated under the Plan is 15% of the ordinary share capital in issue immediately prior to any grant; and the number of incentive stock options permitted to be issued to U.S. employees is 100 million shares. The number of ordinary shares that may be allocated under the Plan is approximately 181 million shares. The Company permits the granting of incentive stock options to U.S. employees, which if certain requirements are met, can provide tax advantages to the employee over non-statutory stock options.

Substantial Shareholders

As well as the Directors' interests reported above, the following interests of 3.0% and above as at 31 December 2024 were as follows:

Name	Ordinary Shares	% held
NUKEM Isotopes GmbH	229,237,193	18.99
Bracco Imaging S.p.A.	173,763,873	14.40
David and Monique Newlands	60,550,000	5.02
Rathbones Investment Management Ltd	60,254,082	4.99
Unicorn AIM VCT plc	38,178,800	3.16

Directors' Report (continued)

Corporate Responsibility

The Board recognises its employment, environmental and health and safety responsibilities. It devotes appropriate resources towards monitoring and improving compliance with existing standards. The Executive Directors are responsible for these areas at Board level, ensuring that the Group's policies are upheld and providing the necessary resources.

Employees

The Group is committed to achieving equal opportunities and to complying with relevant anti-discrimination legislation. It is established Group policy to offer employees and job applicants the opportunity to benefit from fair employment, without regard to their sex, sexual orientation, marital status, race, religion or belief, age or disability. Employees are encouraged to train and develop their careers. The Company has two Executive Directors, who hold full-time roles within the Company. These Directors interact with employees on a regular basis. In addition, the Company holds an in-person Board meeting once per year at which the Board interacts with employees at the Company's offices.

The Group has continued its policy of informing all employees of matters of concern to them as employees, both in their immediate work situation and in the wider context of the Group's well-being. Communication with employees is affected through the Board, the Group's management briefings structure, formal and informal meetings and through the Group's information systems.

Directors' responsibilities

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the Financial Statements in accordance with applicable law and regulations.

The Act requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK-adopted International Accounting Standards (IFRS) and applicable law.

In accordance with the Act, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, 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 will continue in business.

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

They are further responsible for ensuring that the Strategic Report and the Directors' Report and other information included in the Annual Report and Financial Statements is prepared in accordance with applicable law in the United Kingdom.

The maintenance and integrity of the Polarean Imaging plc website is the responsibility of the Directors. Legislation in the United Kingdom governing the preparation and dissemination of the accounts and the other information included in annual reports may differ from legislation in other jurisdictions.

Directors' Report (continued)

Auditors

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

- so far as that Director is aware, there is no relevant audit information of which the Group and the Group's auditor is unaware; and
- that 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 and the Group's auditor is aware of that information.

Crowe U.K. LLP has expressed its willingness to continue in office and a resolution to re-appoint the firm as Auditor and authorising the Directors to set their remuneration will be proposed at the forthcoming Annual General Meeting.

Kenneth West
Non-Executive Chairman

7 May 2025

Corporate Governance Statement

As Chairman of the Board of Directors of Polarean Imaging plc (“Polarean”, or the “Company/Group” as the context requires), it is my responsibility to ensure that Polarean has both sound corporate governance and an effective board of directors (“Board”). As Chairman of the Company, my responsibilities include leading the Board effectively, overseeing the Company’s corporate governance model, communicating with shareholders, and ensuring that good information flows freely between the Executive and Non-Executive Directors in a timely manner. My leadership of the Board is undertaken in a manner which ensures that the Board retains integrity and effectiveness and includes creating the right Board dynamic and ensuring that all important matters, in particular strategic decisions, receive adequate time and attention at Board meetings.

It is the Board’s job to ensure that Polarean is managed for the long-term benefit of all shareholders, with effective and efficient decision-making. Corporate governance is an important part of that role, reducing risk and adding value to our business.

The Directors of Polarean recognise the value of good corporate governance in every part of its business. As Polarean is an AIM-listed company, it is required to adopt a recognised corporate governance code and disclose how it complies with that code and, to the extent Polarean departs from the corporate governance provisions outlined by that code, it must explain its reasons for doing so. The Directors have adopted the requirements of the Quoted Companies Alliance's Corporate Governance Code (the "QCA Code"), to the extent that they consider it appropriate having regard to the Company's size, board structure, stage of development and resources.

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 http://www.polarean-ir.com/content/investors/governance.asp. Any areas of non-compliance with the QCA Code are also explained.

Polarean seeks to constantly improve its corporate governance practices. Prior to the Company listing in March 2018, the Company implemented certain governance-related measures including the formation of the Company’s Audit and Remuneration Committees, and the adoption of a Share Dealing Code.

Key governance changes that occurred in the year included the resignation of Bastiaan Driehuys, Marcella Ruddy, and William Blair as Directors.

Strategy, Risk Management and Responsibility

A description of the Company’s business model and strategy can be found on pages 8 to 13 in the Strategic Report, and the key challenges in their execution can be found on pages 14 to 17 under “Principal Risks and Uncertainties”.

The Board is responsible for the monitoring of financial performance against budget and forecast and the formulation of the Group’s risk appetite including the identification, assessment and monitoring of Polarean’s principal risks. The Board recognises the need for an effective and well-defined risk management process and it oversees and regularly reviews the current risk management and internal control mechanisms.

The Board has overall responsibility for identifying, monitoring and reviewing the Company’s risks, and assessing the systems of external control for effectiveness. The Executive Directors report any new or changed risks, and any changes in risk management or control to the Board. The Board discusses all business matters having regard to the risks for the Group and to the extent that risks inherent in a particular activity are considered significant, appropriate action is taken and steps taken to mitigate the issue. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company’s competitiveness and flexibility.

Corporate Governance Statement (continued)

The Board is satisfied that the procedures in place meet the particular needs of the Group in managing the risks to which it is exposed. The Board is satisfied with the effectiveness of the system of internal controls, but by their very nature, these procedures can provide reasonable, not absolute, assurance against material misstatement or loss. During the review period, the Board delegated responsibility to the Audit Committee for ensuring that the Company's management reviews, monitors and reports on the integrity of the consolidated financial statements of the Company and related financial information. During the review period, the Audit Committee was comprised of Frank Schulkes, Juergen Laucht and Cyrille Petit.

It meets as required and specifically to review the Interim Report and Annual Report, and to consider the suitability and monitor the effectiveness of internal control processes.

The Audit Committee reviews the findings of the external auditor and reviews accounting policies and material accounting judgements. The independence and effectiveness of the external auditor is reviewed annually. The possibility of undertaking an audit tender process is considered on a regular basis. In addition, the Audit Committee meets at least once a year with the auditor to discuss their independence and objectivity, the Annual Report, any audit issues arising, internal control processes, appointment and fee levels and any other appropriate matters. Based on the above, there will be no Audit Committee Report as outlined in this Annual Report. The Company has strict segregation of duties and authority controls which are reviewed annually by the auditors.

The Board currently takes the view that an internal audit function is not considered necessary or practical due to the size of the Group, its business and assets, and the close day-to-day control exercised by the executive directors. The Board is satisfied that the systems and procedures currently employed provide sufficient assurance that a sound system of internal controls are in place, which safeguards the shareholders' investment and the Group's assets. However, the Board will continue to monitor the need for an internal audit function.

The Board is responsible for the Group's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve the business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The Company's current system of internal financial control comprises those controls established to provide reasonable assurance of:

- The safeguarding of assets against unauthorised use or disposal; and
- The maintenance of proper accounting records and the reliability of financial information used within the business and for publication.

The key procedures of internal financial control of the Group are as follows:

- The Board reviews and approves budgets and monitors performance against those budgets on a monthly basis; and
- The Group has clearly defined reporting and authorisation on procedures relating to the key financial areas.

The recent global COVID-19 pandemic has resulted in increased risks within the global economy. The extent of the effect of the virus, including its long-term impact, remains uncertain and the Company continues to monitor the situation.

The Board

The Board is comprised of Kenneth West (Chairman), Christopher von Jako (CEO), Charles Osborne (CFO), Juergen Laucht (NED), Cyrille Petit (NED), Frank Schulkes (NED) and Daniel Brague (NED). The Board is supported by the Company Secretary, Stephen Austin. The biographical details of the Directors of the Company are set out on the Company's website: http://www.polarean-ir.com/content/investors/board.asp.

Corporate Governance Statement (continued)

The Board meets regularly and is responsible for the Group's corporate strategy, monitoring financial performance, approval of capital expenditure, treasury and risk management policies. Board papers are sent out to all Directors in advance of each Board meeting including management accounts and accompanying reports from those responsible.

The Directors believe that the Board, as a whole, has a broad range of commercial and professional skills, enabling it to discharge its duties and responsibilities effectively and that the Non-Executive Directors, together, have a sufficient range of experience and skills to enable them to provide the necessary guidance, oversight and advice for the Board to operate effectively. All Directors are encouraged to use their independent judgement and to challenge all matters, whether strategic or operational.

The Company's has four independent Non-Executive Directors. The guidance in the QCA Code is for a company to have at least two independent Non-Executive Directors.

The Board will seek to take into account any Board imbalances for future nominations. The Company is committed to a culture of equal opportunities for all employees regardless of gender. The Board aims to be diverse in terms of its range of culture, nationality and international experience.

Given the current phase of Polarean's life cycle, the Board has determined that it is not practicable to set measurable objectives for achieving gender diversity. It is the Board's intention as the size and complexity of the Company grows, to set and aim to achieve gender diversity objectives pursuant to a defined diversity policy.

All of the Executive Directors work full time for the Company. The Chairman is expected to devote the necessary amount of time to comprehensively fulfil the duties of the role, and in any case not less than 52 days per annum, and the Non-Executive Directors are each expected to dedicate not less than 15 days per annum to the Company's affairs. The time commitment required by the Group is an overriding principle that each Director will devote as much time as is required to carry out the roles and responsibilities that the Director has agreed to take on.

The Non-Executive Directors receive a fee for their services as a director which is approved by the Board, being mindful of the time commitment and responsibilities of their roles and of current market rates for comparable organisations and appointments. In addition, Non-Executive Directors are also reimbursed for travelling and other incidental expenses incurred on Group business.

Executive and Non-Executive Directors are subject to re-election intervals as prescribed in the Company's articles of association. At each Annual General Meeting one-third of the Directors, who are subject to retirement by rotation shall retire from office. They can then offer themselves for re-election. The letters of appointment of all Non-Executive Directors are available for inspection at the Company's registered office during normal business hours. The Executive Directors are employed under service contracts requiring six months' notice by either party. Non-Executive Directors and the Chairman receive payments under appointment letters which are terminable by three months' notice by either party.

Corporate Governance Statement (continued)

There were 8 scheduled board meetings held during 2024. The table below sets out attendance statistics for each Director at Board and, where relevant, Committee meetings held during the financial year.

Director	Board (meetings held)	Audit Committee (meetings held)	Remuneration Committee (meetings held)
Kenneth West (Note A)	8/8		1/1
Bastiaan Driehuys (Note A)	3/3		1/1
Juergen Laucht	8/8	2/3	2/2
Cyrille Petit	8/8	3/3	
Charles Osborne	8/8		
Frank Schulkes	7/8	3/3	
Daniel Brague	8/8		2/2
Marcella Ruddy (Note A)	2/3		
William Blair (Note A)	2/3		
Christopher Von Jako	8/8		

Note A: Directors were on the Board or Committee for a portion of 2024. The denominator in each fraction represents the numbers of meetings held while they were Directors or Committee Members.

The Board, as a whole, is responsible for the overall management of the Group and for its strategic direction, including approval of the Group's strategy, its annual business plans and budgets, the interim and full year financial statements and reports, any dividend proposals, the accounting policies, major capital projects, any investments or disposals, its succession plans and the monitoring of financial performance against budget and forecast and the formulation of the Group's risk appetite including the identification, assessment and monitoring of the Group's principal risks. In accordance with best practice, Polarean has adopted a formal schedule of Matters Reserved for the Board. These are reviewed annually, and any items not included within the schedule are delegated to the management team.

In order to discharge their duties effectively, the Board uses third parties to advise the Directors of their responsibilities including receiving advice from the Company's external lawyers. The Board reviews the appropriateness and opportunity for continuing professional development in order to keep each Director's skillset up-to-date. In addition to their general Board responsibilities, Non-Executive Directors are encouraged to be involved in specific workshops or meetings, in line with their individual areas of expertise. The Board shall review annually the appropriateness and opportunity for continuing professional development, whether formal or informal. All Directors have received AIM Rules and Directors Responsibilities training provided by the nominated advisor and are encouraged to undertake any ongoing training they feel they require to assist with the commission of their role on the Board.

Polarean's Company Secretary, Stephen Austin, is responsible for ensuring that Board procedures are followed and that the Company complies with all applicable rules, regulations and obligations governing its operation, as well as helping the Chairman maintain excellent standards of corporate governance. There are processes in place enabling Directors to take independent advice at the Company's expense in the furtherance of their duties, and to have access to the advice and services of the Company Secretary.

Board Committees

Certain Board responsibilities are delegated to committees who fulfil these functions in line with the terms of references established by the Board.

Corporate Governance Statement (continued)

Audit Committee

The Audit Committee comprised Frank Schulkes (Chair), Juergen Laucht, and Cyrille Petit. Frank is the CFO of Distalmotion, a privately held Swiss surgical robotics company. He is an experienced financial expert with a broad background in corporate finance. Juergen Laucht has over 40 years of business experience in the chemical engineering industry. He was formerly the Managing Director of NUKEM Isotopes. Cyrille Petit began his career at Goldman Sachs and went on to specialise in external growth, mergers and acquisitions, and strategy at General Electric. He is currently Chief Corporate Development Officer and Head of Strategic Initiatives at Bracco Group. The Audit Committee's responsibilities during the review period included ensuring that the financial performance, position, and prospects for the Group were properly monitored, controlled, and reported specifically to review the Interim Report and Annual Report, and to consider the suitability and monitor the effectiveness of internal control processes. The Committee held three meetings during the year.

Remuneration Committee

The remuneration committee comprised Daniel Brague (Chair), Kenneth West (effective 24 July 2024) and Juergen Laucht. Bastiaan Driehuys resigned from the board and the remuneration committee effective 24 July 2024. The purpose of the Remuneration Committee is to ensure that the Executive Directors and other employees are fairly rewarded for their individual contribution to the overall performance of the Group. The Committee considers and recommends to the Board the remuneration of the Executive Directors and is kept informed of the remuneration packages of senior staff and invited to comment on these. There were two meetings during 2024. The Board retains responsibility for overall remuneration policy. Executive remuneration packages are designed to attract and retain executives of the necessary skill and calibre to run the Group. The Remuneration Committee recommends to the Board the remuneration packages by reference to individual performance and uses the knowledge and experience of the Committee members, published surveys relating to AIM companies, the medical imaging and contrast agents' industries and market changes generally. The Remuneration Committee has responsibility for recommending any long-term incentive schemes. No Director is responsible for setting their own remuneration. A report by the Chairman of the Remuneration Committee is included on pages 31 and 32.

Nomination Committee

The Company does not currently have a Nomination Committee, as the Board does not consider it appropriate to establish such a committee at this stage of the Company's development. Decisions which would usually be taken by the nomination committee, such as appointments to the Board, will be taken by the Board as a whole. The Board will monitor on an ongoing basis the need for a formal Nominations Committee. The Chairman and the Board continue to monitor and evolve the Company's corporate governance structures and processes, and maintain that these will evolve over time, in line with the Company's growth and development.

Advisors

The Board has regular contact with its advisors to ensure that it is aware of changes to generally accepted corporate governance procedures and requirements and that the Group remains, at all times, compliant with applicable rules and regulations. The Company holds appropriate insurance cover in respect of possible legal action against its Directors. The Company's nominated advisor supports the Board's development, specifically providing guidance on corporate governance and other regulatory matters, as required. All Directors may receive independent professional advice at the Group's expense, if necessary, for the performance of their duties.

Board Performance Evaluation

Formal internal evaluation of the Board, its Committees, and individual directors is seen as an important next step in the development of the board. Going forward, this will be undertaken on an annual basis in the form of peer appraisal, questionnaires and discussions to determine the effectiveness and performance in various areas as well as the directors' continued independence. The criteria against which effectiveness is considered will be aligned with the strategy of the Group and management forecasts and budgets that are already in place.

The purpose of such an evaluation will be to ensure that its members collectively function in an efficient manner, focusing more closely on defined objectives and targets for improving performance, as well as reviewing the effectiveness of each Committee.

During frequent Board meetings/calls, the Directors discuss areas where they feel a change would be beneficial for the Company.

Culture

The Board recognises that their decisions regarding strategy and risk will impact the corporate culture of the Group as a whole and that this will impact the performance of the Group. The Board is very aware that the tone and culture set by the Board will greatly impact all aspects of the Group as a whole and the way that employees behave. A large part of the Group's activities are centred upon addressing customer and market needs. Therefore, the importance of sound ethical values and behaviour is crucial to the ability of the Group to successfully achieve its corporate objectives.

The Board places great importance on this aspect of corporate life and seeks to ensure that this flows through all that the Group does. The Board assessment of the culture within the Group at the present time is one where there is respect for all individuals, there is open dialogue within the Group and there is a commitment to provide the best service possible to all the Group's key customers.

The Company 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 behaviour are crucial to the ability of the Company 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 Company operates. The Board places great importance on this aspect of corporate life and seeks to ensure that this flows through all that the Company does.

The Directors consider that at present the Group has an open culture facilitating comprehensive dialogue and feedback and enabling positive and constructive challenge. The Executive Directors regularly meet with senior management and discuss staff well-being, development, and staff feedback. Employees are encouraged to engage directly with Directors, and the Group seeks to promote Group values and behaviour through a top-down approach.

The Board understands that the nature of its market, including high-end academic research universities and hospitals, brings with it a level of public scrutiny in procurement. As such, the Board ensures there is the utmost transparency and accessibility from the Board and external advisors that oversee the Group's activities.

Anti-Bribery Policy

The Group takes a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all business dealings and relationships wherever they occur. The Group implements effective systems to counter bribery and corruption and as part of this it has adopted an anti-bribery and anti-corruption policy. The policy provides guidance to those working for the Group on how to recognise and deal with bribery and corruption issues and the potential consequences and applies to all persons working for the Group or on its behalf in any capacity, including employees at all levels, directors, officers, consultants, and agents.

Corporate Governance Statement (continued)

Share Dealing

The Group has a Share Dealing Code, which will apply to any person discharging management responsibility, including the Directors and members of the senior management team and any closely associated persons and applicable employees.

The Share Dealing Code imposes restrictions beyond those that are imposed by law (including by Financial Services and Markets Act 2000 and the Market Abuse Regulation (EU) No.596/2014 as it forms part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018 and other relevant legislation) and its purpose is to ensure that persons discharging managerial responsibility and persons connected with them do not abuse, and do not place themselves under suspicion of abusing, price-sensitive information that they may have or be thought to have, especially in periods leading up to an announcement of both financial results and the results of the Group's clinical trials. The Share Dealing Code sets out a notification procedure which is required to be followed prior to any dealing in the Company's securities.

Communication with Shareholders

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders in order to maintain good investor relations and seeks, wherever possible, to attain a relationship of mutual understanding with both institutional and private client investors.

As such, Polarean takes a proactive approach to investor relations initiatives with ongoing support from Walbrook PR Limited, the Group's financial PR advisors. These investor relations initiatives include (but are not limited to):

- shareholder events in London and elsewhere;
- the use of social media, in accordance with the Group's Social Media Policy, and the Company's website; and
- interviews with platforms such as Proactive Investors around key developments.

Institutional shareholders and analysts have the opportunity to discuss issues and provide feedback at meetings with the Company. In normal circumstances, attendance is actively encouraged for the Company's Annual General Meeting and any other General Meetings which are held throughout the year. In line with best practise, should any resolution tabled at a General Meeting receive less than 80% support, the Board will seek to engage with relevant shareholders to understand their reasons for voting against. At the 2024 AGM, all resolutions passed with the support of at least 90% of the proxy votes submitted.

The corporate governance arrangements that the Board has adopted are designed to ensure that the Company delivers long-term value to its shareholders and that shareholders are able to express their views and expectations for the Company in a manner that encourages open dialogue with the Board.

Remuneration Committee Report

Dear Shareholder,

As the Chairman of Polarean's Remuneration Committee, I present my Remuneration Committee Report for the year ended 31 December 2024, which has been prepared by the Committee and approved by the Board.

The Remuneration Committee is responsible for determining the remuneration policy for the Executive Directors, and for overseeing the Company's long-term incentive plans. The Board as a whole is responsible for determining Non-Executive Directors' remuneration. The Committee will continue to monitor market trends and developments in order to assess those relevant for the Group's future remuneration policy.

Remuneration policy for 2024 and future years

The Remuneration Committee determines the Company's policy on the structure of Executive Directors' and if required, senior management's remuneration. 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 interests of shareholders;
- Provide a level of remuneration required to attract and motivate high-calibre Executive Directors and senior management of appropriate calibre;
- 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 interests with shareholders and comply with corporate governance best practice.

Objectives and Responsibilities

The Remuneration 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 recommend new Board appointments; and
- To consider any matter specifically referred to the Committee by the Board.

Remuneration Committee Report (continued)

Remuneration Policy for Non-Executive Directors

During the reporting period, William Blair, Juergen Laucht, Cyrille Petit, Frank Schulkes, Marcella Ruddy M.D., Kenneth West and I each received a fee for our services as Directors, which had been approved by the Board, and takes into account the time commitment and responsibilities of our roles and the current market rates for comparable organisations and appointments.

Remuneration decisions for 2024

Bonuses payable for the year ended 31 December 2024 totalled US$839,744 (2023: US$274,367). The Remuneration Committee evaluated performance in respect to various company objectives, primarily associated with revenue achievement. See Strategic Report on pages 8 to 17 for key financial performance indicators.

Remuneration Committee Effectiveness

The Committee is due to perform a self-assessment of its effectiveness during the second half of 2025.

Further information on Directors' remuneration, including Directors' emoluments, share options and warrants holdings can be found in the Directors' Report on pages 19 to 21.

Daniel Brague
Chairman of the Remuneration Committee

7 May 2025

Independent Auditors' report to the members of Polarean Imaging plc

Opinion

We have audited the financial statements of Polarean Imaging plc (the "Parent Company") and its subsidiary (the "Group") for the year ended 31 December 2024, which comprise:

- the Group statement of comprehensive income for the year ended 31 December 2024;
- the Group and Parent Company statements of financial position as at 31 December 2024;
- the Group and Parent Company statements of changes in equity for the year then ended;
- the Group and Parent Company statements of cash flows for the year then ended; and
- the notes to the financial statements, including a summary of material accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements 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 Parent Company's affairs as at 31 December 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 and Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 3 in the financial statements, which indicates that the Group anticipates needing to raise additional capital to continue financing the Group's planned activities beyond the 12 months from the date of approval of these financial statements. As stated in note 3, these events or conditions, along with the other matters as set forth in note 3, indicate that a material uncertainty exists that may cast significant doubt on the Group and the Parent Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

Our evaluation of the Directors' assessment of the Group's and Parent Company's ability to continue to adopt the going concern basis of accounting included the following procedures:

- The going concern assessment period used by the Directors was at least 12 months from the date of the approval of the financial statements. We assessed the appropriateness of the approach, assumptions and arithmetic accuracy of the model used by management when performing their going concern assessment.

Independent Auditors' report to the members of Polarean Imaging plc (continued)

- We evaluated the Directors' assessment of the Group and the Parent Company's ability to continue as a going concern, including testing the integrity of the going concern model, review and challenge of the underlying data and key assumptions used to make the assessment. We also reviewed and considered the potential downside scenarios and the resultant impact on available funds, to assess the reasonableness of economic assumptions on the Group's liquidity requirements.

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

Overview of our audit approach

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the Group financial statements as a whole to be US$380,000 (2023: US$400,000), which represents approximately 4% (2023: 3%) of the Group's operating loss. We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment. We determined performance materiality to be US$266,000 (2023: US$280,000).

We determined materiality for the Parent Company financial statements as a whole was set at US$110,000 (2023: US$130,000), which represents approximately 8% (2023: 8%) of the Parent Company's normalised net loss by adding back the impairment charge and its performance materiality to be US$77,000 (2023: US$91,000).

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors' remuneration.

We agreed with the Audit Committee to report to it all identified errors in excess of US$19,000 (2023: US$12,000). Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

Overview of the scope of our audit

Polarean Imaging plc and its subsidiary are accounted for from one operating location in North Carolina, USA. Our audit was conducted from the UK and the USA using a local sub-contractor as part of our audit team under our direction and supervision. We performed remote working paper reviews to satisfy ourselves as to the appropriateness of the audit work performed by the subcontractor. All Group companies were within the scope of our audit testing.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included 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.

In addition to the matter described in the material uncertainty related to going concern, we have determined the matters described below to be the key audit matters to be communicated in our report. This is not a complete list of all risks identified by our audit.

Independent Auditors' report to the members of Polarean Imaging plc (continued)

Key audit matter – financial statements of the Group

Carrying value of investment in subsidiary and amounts receivable from subsidiary

At the reporting date the carrying value of investment in subsidiary in the financial statements of the Parent Company was US$4.3million (2023: US$4.3million) and amounts receivable from subsidiary was US$10.8million (2023: US$54million), after recognising an impairment charge of US$53.7million in the year (2023: US$nil), which are detailed in note 13. The relevant accounting policies are documented in note 3.

Our audit risk focuses on the risk that the recoverability of these balances may be impaired if there are such indicators exist at year end. The recoverable value of these balances is dependent on the financial performance of the operating subsidiary. In assessing the recoverable value, the impairment assessment requires the use of judgments and estimates which are likely to give rise to significant risk.

How the scope of our audit addressed the key audit matter

We obtained management's assessment of the impairment of investment in subsidiary and the intercompany receivables. We considered the following matters:

- Management's assessment as to whether any indication of impairment existed. This includes considering the existence of any indication of technical obsolescence of technology and manufacturing processes, management's future plans for the business.
- Management considered the carrying value of these balances is more than Company's market capitalisation, which is an indication of impairment. In assessing this, we reviewed management's impairment model and challenged the key inputs into the model with management. This includes applying challenge regarding the reasonableness on the key inputs assumption used by management in assessing the forecast cashflows of the underlying assets in the subsidiary and thus the ability of the subsidiaries to generate profit and ultimately remit that to the Parent Company;
- We tested the accuracy of management's impairment model and evaluated the integrity of the model by comparing the forecasts to historical results and actual results.
- We also performed a range of sensitivities to assess whether a reasonably likely change to a key input would result in any additional impairment charge; and
- We assessed the adequacy of the associated disclosure in the financial statements.

Our audit procedures in relation to the above matter was designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on these matters individually and we express no such opinion.

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.

Independent Auditors' report to the members of Polarean Imaging plc (continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our 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 light of the knowledge and understanding of the Group and Parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters where 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 the directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on pages 22 to 23, 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 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.

Independent Auditors' report to the members of Polarean Imaging plc (continued)

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:

We obtained an understanding of the legal and regulatory frameworks within which the Group and the Parent Company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and taxation legislation. Technical, clinical or regulatory laws and regulations which are inherent risks in the development of clinical drugs and devices are mitigated and managed by the Chief Technology Officer and management generally in conjunction with expert regulatory consultants in order to monitor the latest regulations and planned changes to the regulatory environment.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and reviewing accounting estimates for biases.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

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.

Other matters which we are required to address

Members of staff from another audit firm were used as subcontractors to perform an inventory count and to assist with certain specific audit testing. The audit firm also assisted with the calculation of the tax losses disclosed in the financial statements, and has therefore provided a prohibited non-audit service. We considered that the breach was inadvertent and trivial and did not compromise their independence for the work performed. The audit firm concerned is not a member of the Crowe Global network.

Use of our report

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

Matthew Stallabrass (Senior Statutory Auditor)
for and on behalf of
Crowe U.K. LLP
Statutory Auditor
London

7 May 2025

Consolidated Statement of Comprehensive Income

	Notes	2024 US$	2023 US$
Revenue	4	3,089,957	890,933
Cost of sales		(1,666,667)	(555,450)
Gross profit		1,423,290	335,483
Administrative expenses		(3,102,331)	(3,337,836)
Research, development and regulatory expenses		(3,440,590)	(4,194,006)
Depreciation	11	(254,993)	(208,786)
Amortisation	12	(710,058)	(728,411)
Selling and distribution expenses		(1,950,755)	(3,562,412)
Share-based payment expense	19	(713,895)	(860,195)
Total operating costs		(10,172,622)	(12,891,646)
Operating loss	6	(8,749,332)	(12,556,163)
Finance income	7	274,838	298,899
Finance expense	7	(16,178)	(15,990)
Other (losses)/gains – net	7	(49,300)	388,451
Loss before tax		(8,539,972)	(11,884,803)
Taxation	10	–	–
Loss for the year and total other comprehensive expense		(8,539,972)	(11,884,803)
Loss per share			
Basic and diluted (US$)	9	(0.011)	(0.055)

The results reflected above relate to continuing activities.

There are no items of Other Comprehensive Income ("OCI") for the year other than the loss above and therefore no separate statement of other comprehensive income has been presented.

The accompanying notes on pages 45 to 67 are an integral part of these financial statements.

Consolidated Statement of Financial Position

	Notes	2024 US$	2023 US$
ASSETS			
Non-current assets			
Property, plant and equipment	11	231,268	288,627
Intangible assets	12	373,822	969,339
Right-of-use assets	23	464,752	158,129
Trade and other receivables	14	339,961	387,961
		1,409,803	1,804,056
Current assets			
Inventories	15	1,428,633	2,221,823
Trade and other receivables	14	842,162	685,117
Cash and cash equivalents	16	12,111,708	6,171,636
		14,382,503	9,078,576
TOTAL ASSETS		15,792,306	10,882,632
EQUITY AND LIABILITIES			
Equity attributable to holders of the parent			
Share capital	17	570,336	104,780
Share premium	17	70,509,842	59,305,160
Group re-organisation reserve	18	7,813,337	7,813,337
Share-based payment reserve	19	6,439,669	5,725,774
Accumulated losses	18	(73,190,579)	(64,650,607)
		12,142,605	8,298,444
Non-current liabilities			
Contract liabilities	20	56,771	67,032
Trade and other payables	21	120,000	240,000
Lease liability	23	374,265	74,846
		551,036	381,878
Current liabilities			
Trade and other payables	21	2,702,879	1,831,587
Lease liability	23	129,521	141,845
Contract liabilities	20	266,265	228,878
		3,098,665	2,202,310
TOTAL EQUITY AND LIABILITIES		15,792,306	10,882,632

These Financial Statements were approved and authorised for issue by the Board of Directors on 7 May 2025 and were signed on its behalf by:

Kenneth West
Non-Executive Chairman

Company number: 10442853

The accompanying notes on pages 45 to 67 are an integral part of these financial statements.

Company Statement of Financial Position

	Notes	2024 US$	2023 US$
ASSETS			
Non-current assets			
Investment in subsidiary	13	15,130,035	58,283,939
		15,130,035	58,283,939
Current assets			
Trade and other receivables	14	24,473	43,266
Cash and cash equivalents	16	1,628,750	1,145,561
		1,653,223	1,188,827
TOTAL ASSETS		16,783,258	59,472,766
EQUITY AND LIABILITIES			
Equity attributable to holders of the parent			
Share capital	17	570,336	104,780
Share premium	17	70,509,842	59,305,160
Merger reserve	18	4,322,527	4,322,527
Share-based payment reserve	19	6,134,638	5,420,743
Accumulated losses	18	(64,908,902)	(9,807,627)
		16,628,441	59,345,583
Current liabilities			
Trade and other payables	21	154,817	127,183
		154,817	127,183
TOTAL EQUITY AND LIABILITIES		16,783,258	59,472,766

As permitted by section 408 of the Companies Act 2006, no separate statement of comprehensive income is presented in respect of the parent Company. The loss for the financial year dealt with in the financial statements of the parent Company was US$55,101,275 (2023: US$1,518,816).

These financial statements were approved and authorised for issue by the Board of Directors on 7 May 2025 and were signed on its behalf by:

Kenneth West
Non-Executive Chairman

Company number: 10442853

The accompanying notes on pages 45 to 67 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

	Share capital US$	Share premium US$	Group re-organisation reserve US$	Share-based payment reserve US$	Accumulated losses US$	Total equity US$
As at 1 January 2023	103,463	59,288,383	7,813,337	4,865,579	(52,765,804)	19,304,958
Comprehensive income						
Loss for the year	–	–	–	–	(11,884,803)	(11,884,803)
Transactions with owners						
Issue of shares	1,317	16,777	–	–	–	18,094
Share-based payment expense	–	–	–	860,195	–	860,195
As at 31 December 2023	104,780	59,305,160	7,813,337	5,725,774	(64,650,607)	8,298,444
Comprehensive income						
Loss for the year	–	–	–	–	(8,539,972)	(8,539,972)
Transactions with owners						
Issue of shares	465,556	11,204,682	–	–	–	11,670,238
Share-based payment expense	–	–	–	713,895	–	713,895
As at 31 December 2024	570,336	70,509,842	7,813,337	6,439,669	(73,190,579)	12,142,605

The accompanying notes on pages 45 to 67 are an integral part of these financial statements.

Company Statement of Changes in Equity

	Share capital US$	Share premium US$	Merger reserve US$	Share-based payment reserve US$	Accumulated losses US$	Total equity US$
As at 1 January 2023	103,463	59,288,383	4,322,527	4,560,548	(8,288,811)	59,986,110
Comprehensive income						
Loss for the year	–	–	–	–	(1,518,816)	(1,518,816)
Transactions with owners						
Issue of shares	1,317	16,777	–	–	–	18,094
Share-based payment expense	–	–	–	860,195	–	860,195
As at 31 December 2023	104,780	59,305,160	4,322,527	5,420,743	(9,807,627)	59,345,583
Comprehensive income						
Loss for the year	–	–	–	–	(55,101,275)	(55,101,275)
Transactions with owners						
Issue of shares	465,556	11,204,682	–	–	–	11,670,238
Share-based payment expense	–	–	–	713,895	–	713,895
As at 31 December 2024	570,336	70,509,842	4,322,527	6,134,638	(64,908,902)	16,628,441

The accompanying notes on pages 45 to 67 are an integral part of these financial statements.

Consolidated Statement of Cash Flows

	2024 US$	2023 US$
Cash flows from operating activities		
Loss before tax	(8,539,972)	(11,884,803)
Adjustments for non-cash/non-operating items:		
Depreciation of property, plant and equipment	254,993	208,786
Amortisation of intangible assets and right-of use-assets	710,058	728,411
Share-based payment expense	713,895	860,195
Net foreign exchange losses/(gains)	49,300	(72,451)
Writeback of contingent consideration	–	(316,000)
Finance expense	16,178	15,990
Finance income	(274,838)	(298,899)
Operating cash outflows before movements in working capital	(7,070,386)	(10,758,771)
Decrease/(increase) in inventories	793,189	(510,404)
(Increase)/decrease in trade and other receivables	(109,044)	1,024,108
Increase/(decrease) in trade and other payables	751,292	(267,413)
Increase in contract liabilities	27,126	77,482
Net cash used in operations	(5,607,823)	(10,434,998)
Cash flows from investing activities		
Purchase of property, plant and equipment	(197,634)	(78,915)
Dividend and interest received	274,838	298,899
Net cash generated by investing activities	77,204	219,984
Cash flows from financing activities		
Issue of shares	12,578,433	18,094
Share issue costs	(908,195)	–
Interest paid on lease liabilities	(16,178)	(15,990)
Principal elements of lease payments	(134,069)	(142,146)
Net cash generated by/(used in) financing activities	11,519,991	(140,042)
Net increase/(decrease) in cash and cash equivalents	5,989,372	(10,355,056)
Cash and cash equivalents at the beginning of year	6,171,636	16,454,241
Effect of foreign exchange rate changes on cash and cash equivalents	(49,300)	72,451
Cash and cash equivalents at end of year	12,111,708	6,171,636

The accompanying notes on pages 45 to 67 are an integral part of these financial statements.

Company Statement of Cash Flows

	2024 US$	2023 US$
Cash flows from operating activities		
Loss before tax	(55,101,275)	(1,518,816)
Adjustments for non-cash/non-operating items:		
Share-based payment expense	713,895	860,195
Impairment on loan to subsidiary	53,729,332	
Net foreign exchange losses/(gains)	47,540	(72,451)
Operating cash outflows before movements in working capital	(610,508)	(731,072)
Decrease in trade and other receivables	18,793	24,992
Increase/(decrease) in trade and other payables	27,634	(33,445)
Net cash used by operations	(564,081)	(739,525)
Cash flows from financing activities		
Issue of shares	12,578,433	18,094
Cost of issue	(908,195)	–
Repayment of loans by the subsidiary	–	78,352
Loans to the subsidiary	(10,575,428)	–
Net cash generated by financing activities	1,094,810	96,446
Increase/(decrease) in cash and cash equivalents	530,729	(643,079)
Cash and cash equivalents at the beginning of period	1,145,561	1,716,189
Effect of foreign exchange rate changes on cash and cash equivalents	(47,540)	72,451
Cash and cash equivalents at end of period	1,628,750	1,145,561

The accompanying notes on pages 45 to 67 are an integral part of these financial statements.

Notes to the Financial Statements

1. General information

The Company is incorporated in England and Wales under the Companies Act 2006. The registered number is 10442853 and its registered office is at 27-28 Eastcastle Street, London, W1W 8DH. The Company is listed on the AIM market of the London Stock Exchange.

The Company is the parent company of Polarean, Inc (the "Subsidiary", together the "Group"). The principal activity of the Group is developing next generation medical imaging technology. The Subsidiary is incorporated in the United States of America and has a registered office of 2500 Meridian Parkway #175, Durham, NC 27713, USA.

2. Adoption of new and revised International Financial Reporting Standards

Standards and interpretations adopted during the year

Information on new standards, amendments and interpretations that are relevant to the Group's annual report and accounts is provided below:

- Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current (Amendments to IAS 1);
- Leases: Leases on sale and leaseback (Amendments to IFRS 16); and
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7).

These standards have no material impact on the Group.

Standards, amendments and interpretations that are not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the United Kingdom Endorsement Board (UKEB) that are effective in future accounting periods that the Company has decided not to adopt early. These standards, amendments or interpretations are not expected to have a material impact on the Group.

3. Material accounting policy information

Basis of preparation

These financial statements have been prepared in accordance with UK adopted International Accounting Standards ("IFRS") and under the historical cost convention. The financial statements are presented in United States Dollars ("US$") except where otherwise indicated.

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

Going concern

The Group is moving from the development stage to full commercial exploitation of its Intellectual Property ("IP"). During the year ended 31 December 2024 the Group recorded a loss after tax of US$8,539,972 (2023: loss of US$11,884,803) and a net cash outflow from operating activities of US$5,607,822 (2023: US$10,434,998).

During the year, the Company raised total proceeds of US$12.6 million (before expenses) from the placement of new shares.

The Directors have prepared financial projections and plans for a period of at least 12 months from the date of approval of these financial statements. Based on the current management plan, management believes that these funds are sufficient for the expenditure to date as well as the planned forecast expenditure for the forthcoming 12 months.

3. Material accounting policy information continued

It is anticipated that additional capital will need to be raised by the end of the second quarter of 2026 in order to continue to fund the Group's activities at their planned levels beyond this date. This represents a material uncertainty that may cast significant doubt about the Group's and the Company's ability to continue as a going concern. However, the Directors have a reasonable expectation that this uncertainty can be managed to a successful outcome, and based on that assessment, the Group and Company will have adequate resources to continue in operational existence for the foreseeable future. Accordingly, these financial statements have been prepared on the going concern basis.

The financial statements do not reflect any adjustments that would be required to be made if they were to be prepared on a basis other than the going concern basis.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in share premium as a deduction from the proceeds.

Inventory

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost principle and includes expenditure incurred in inventories, adjusted for rebates, and other costs incurred in bringing them to their existing location.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits and money market funds with a maturity of three months or less.

Functional and presentation currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates ("the functional currency"). The financial statements are presented in US$ which is also the Group's functional currency.

Foreign currencies

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Basis of consolidation

The consolidated financial statements are for the year ended 31 December 2024. The measurement bases and principal accounting policies of the Group are set out below.

On 30 May 2017 Polarean Merger-Sub, Inc., a subsidiary of the Subsidiary, completed a merger process under which it acquired substantially all of the assets of m2m Imaging Corp ("m2m"), a portfolio company of Amphion Innovations plc engaged in the development of high-performance MRI RF coils for the global research market, primarily in micro-imaging. By 2016 m2m had been inactive for several years due to an inability to raise funds. At the date of the merger the assets of m2m were its technology and patents. The merger was affected by way of court sanction in the process of which the Subsidiary acquired, through a special purpose entity, Polarean Merger Sub, Inc. the assets of another special purpose entity, m2m Merger Sub, Inc., with m2m Merger Sub, Inc. being the surviving entity. After the reporting date, on 1 September 2017, m2m Merger Sub, Inc. was merged into the Subsidiary with the Subsidiary being the surviving entity, the effect being that m2m Merger Sub, Inc. was collapsed, and the Subsidiary had acquired the m2m assets.

Notes to the Financial Statements (continued)

3. Material accounting policy information continued

As part of the arrangements for the merger, 576,430 shares in the Subsidiary were issued to the former shareholders in m2m with the intention that all parties would exchange their stock in Polarean, Inc. for shares in the Group on a *pro rata* basis as soon as practicable.

The Directors consider the merger between the Subsidiary and m2m Acquisition, Inc. as a consequence of which the Group acquired the exclusive worldwide rights to m2m's technology and patents does not meet the definition of an acquisition of a business as set out in IFRS3 and has therefore been accounted for as the acquisition of an asset or a group of assets that does not constitute a business.

IFRS 3 requires that in such cases the acquirer shall identify and recognise the individual identifiable assets acquired (including those assets that meet the definition of, and recognition criteria for, intangible assets in IAS 38 Intangible assets) and to allocate the cost of the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction or event does not give rise to goodwill.

The fair value of the assets acquired under the merger arrangement of US$4,999,996 represents the aggregate estimated value of the financial obligations of the former m2m shareholders which were converted into equity in m2m prior to the merger agreement.

The Directors consider the acquisition of the entire issued common stock of the Subsidiary by the Company in exchange for equivalent equity participation in the Company to be a group re-organisation and not a business combination and to fall outside the scope of IFRS 3. Having considered the requirements of IAS 8 and the relevant UK and US guidance, the transaction has been accounted for on a merger or pooling of interest basis as if both entities had always been combined, using book values, with no fair value adjustments made nor goodwill recognised.

Revenue recognition

Revenue comprises the fair value of the sale of goods and rendering of services to external customers, net of applicable sales tax, rebates, promotions and returns.

Contracts and obligation

The majority of customer contracts have four main elements that the Group provides to the customer:

- Sale of hyperpolarisers and components;
- Sale of parts and upgrades
- Sale of gas and consumables; and
- Provision of service and repairs.

The sale of hyperpolarisers, gas and consumables is seen as a distinct performance obligation and revenue is recognised at a point in time. The customer can benefit from the use of the hyperpolarisers, gas and consumables when supplied and is not reliant on the Group to provide the parts and upgrades or service, and therefore revenue from the sale of hyperpolarisers, gas and consumables is recognised in full when the goods are delivered to the customer.

The second performance obligation is the sale of parts and upgrades. The customer can benefit from the use of the parts and upgrades when supplied and is not reliant on the Group to provide the service, and therefore revenue from the sale of parts and upgrades is recognised in full when the goods are delivered to the customer.

The third performance obligation is the provision of preventive maintenance service. Revenue from the provision of preventive maintenance service is recognised over the period when the services are rendered. A contract liability represents the obligation of the Group to render services to a customer for which consideration has been received (or the amount is due) from the customer.

Notes to the Financial Statements (continued)

3. Material accounting policy information continued

Determining the transaction price

The transaction price is determined as the fair value of 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.

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 or service sold. Therefore, there is limited judgement involved in allocating the contract price to each unit ordered.

Recognise revenue when or as the entity satisfies its performance obligations

The overarching terms are consistent in each contract.

The sale of hyperpolarisers, gas and consumables is seen as a distinct performance obligation and revenue is recognised at a point in time, when title of the goods transferred to the customer, as the customer can benefit from the use of the hyperpolarisers, gas and consumables when supplied.

The sale of parts and upgrades is seen as a distinct performance obligation and revenue is recognised at a point in time, when supplied to the customer, as the customer can benefit from the use of the parts and upgrade when supplied.

The provision of service is seen as a distinct performance obligation and revenue is recognised as the Group provides these services for the duration of the contract, i.e. over time. Any unexpired portion of a service contract or payment received in advance in respect of service contracts either partially completed or not started, are included in deferred income and released over their remaining term.

Property, plant and equipment

Owned assets

Items of property, plant and equipment are stated at cost or deemed cost less accumulated depreciation and impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. When parts of an item of property, plant and equipment have different useful lives, those components are accounted for as separate items of property, plant and equipment.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Depreciation

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

- Computer and IT equipment – 33% straight line
- Leasehold improvements – 20% straight line
- Furniture and equipment – 20% straight line

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

3. Material accounting policy information continued

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within administrative expenses in the statement of comprehensive income.

Intangible assets

Patents and related rights are assessed by reviewing their net present value of future cash flows. Patents are currently amortised over their useful life, not exceeding 10 years.

Internally generated intangible assets – research costs are costs incurred in research activities and are recognised as an expense in the period in which they are incurred. An internally generated intangible asset arising from the development of commercial technologies is recognised only if all of the following conditions are met:

- it is probable that the asset will create future economic benefits;
- the development costs can be measured reliably;
- technical feasibility of completing the intangible asset can be demonstrated;
- there is the intention to complete the asset and use or sell it;
- there is the ability to use or sell the asset; and
- adequate technical, financial and other resources to complete the development and to use or sell the asset are available.

At this time, the Directors consider that the Group does not meet all of those conditions and development costs are therefore recorded as expense in the period in which the cost is incurred.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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 fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are reviewed at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Financial assets

The Group classifies all of its financial assets at amortised cost. Financial assets do not include prepayments. Management determines the classification of its financial assets at initial recognition.

These assets arise principally from 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.

Amortised Cost

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.

3. Material accounting policy information continued

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.

Impairment provisions for other receivables are recognised based on the general impairment model within IFRS 9. In doing so, the Group assesses, on a forward-looking basis, the expected credit losses associated with the receivables. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

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 comprise 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.

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

Employee benefits: pension obligations

The Group operates a defined contribution plan. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. 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.

The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Finance costs

Finance costs comprise interest on lease liabilities; and are expensed using the effective interest method in the period in which they are incurred.

Finance income

Finance income comprises interest income and dividend income.

Interest income is recognised in the income statement as it accrues using the effective interest method.

Other gains and losses – net

Other gains and losses is comprised of a) foreign exchange gains and losses on cash and cash equivalents and b) contingent consideration revaluation.

3. Material accounting policy information continued

Leases

Definition of a lease

The Group assesses whether a contract is or contains a lease. A contract is or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated amortisation and impairment losses and adjusted for certain measurements of the lease liability. 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.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lease that includes renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities ad right-of-use assets recognised.

As at 31 December 2024, potential future cash outflows of US$NIL(undiscounted) have not been included in the lease liability because it is not reasonably certain that the leases will be extended (2023: US$479,477).

Income tax

Income tax for the years presented comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts.

The following temporary differences are not recognised if they arise from a) the initial recognition of goodwill, and b) for the initial recognition of other assets or liabilities in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised, or the deferred income tax liability is settled.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Notes to the Financial Statements (continued)

3. Material accounting policy information continued

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Share-based payment transactions

Where equity settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the income statement over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of all options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition. The fair value of equity settled share options granted to employees of the subsidiary are recognised in the income statement of the Company.

Where terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the income statement over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the income statement or share premium account, if appropriate, are charged with the fair value of goods and services received.

Critical accounting estimates and judgements

The preparation of the Group's financial statements under IFRS requires the directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The directors consider that the following key sources of estimate uncertainty and judgements are likely to have the most significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

Carrying value of intangible assets – Group

In determining whether there are indicators of impairment of the Group's intangible assets, the directors take into consideration various factors including the economic viability and expected future financial performance of the asset and when it relates to the intangible assets arising on a business combination, the expected future performance of the business acquired.

Carrying value of investments in and amounts receivable from subsidiaries – Company

In determining whether there are indicators of impairment of the Company's investments in, and amounts receivable from, its subsidiary undertakings, the directors take into consideration various factors including the economic viability and expected future financial performance of the business of the subsidiary undertakings. The net present value used to assess for impairment is based on assumptions regarding revenue growth, discount rate, and gross profit margin. As disclosed in Note 13, the Company recorded an impairment charge to the amount receivable from subsidiary undertakings during 2024.

3. Material accounting policy information continued

Judgements in applying the Group's accounting polices

Cash and cash equivalents – Group

The directors have concluded that the Group’s bank accounts and money market funds meet the criteria for classification as cash and cash equivalents. The money market funds are readily convertible to known amounts of cash and are subject to insignificant risk of changes of value. See Note 16.

4. Segmental information

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (which takes the form of the Board of Directors) as defined in IFRS 8, in order to allocate resources to the segment and to assess its performance.

The chief operating decision maker has determined that the Group has one operating segment, the development and commercialisation of gas hyperpolariser devices and ancillary instruments. Revenues are reviewed based on the products and services provided: Hyperpolarisers, Parts and Upgrades, Service and Other revenue.

The Group trades in Canada, the United Kingdom and the United States of America. Revenue by origin of geographical segment for all entities in the Group is as follows:

Revenue

	2024 US$	2023 US$
Canada	108,851	273,455
United Kingdom	25,148	14,455
United States of America	2,955,958	603,023
Total	3,089,957	890,933

Non-current assets

	2024 US$	2023 US$
United States of America	1,409,803	1,804,056
Total	1,409,803	1,804,056

Notes to the Financial Statements (continued)

4. Segmental information continued

Product and services revenue analysis

Revenue

	2024 US$	2023 US$
Hyperpolariser systems and components	2,163,325	342,775
Gas and consumables	512,345	338,630
Service and repairs	414,287	209,528
Total	3,089,957	890,933

Management measures revenues by reference to the Group's core services and products and related services, which underpin such income.

5. Employees and Directors

Staff costs for the Group and the Company during the year:

	2024 US$	2023 US$
Wages and salaries	3,684,295	4,169,623
Healthcare benefits and other benefits	286,870	281,357
Social Security costs	237,987	263,907
	4,209,152	4,714,887

Average monthly number of people (including directors) employed by activity:

	2024 No.	2023 No.
Senior management including directors	12	13
R&D and clinical trial	9	10
Selling and distribution	3	3
Administration	2	3
Total	26	29

Key management compensation:

The following table details the aggregate compensation paid to key management personnel.

	2024 US$	2023 US$
Salaries and fees	1,794,314	1,874,765
Healthcare and other benefits	104,492	91,203
Social security costs	87,010	90,758
	1,985,816	2,056,726

Key management personnel include all directors who together have authority and responsibility for planning, directing, and controlling the activities of the Group and senior divisional managers. Christopher von Jako was the highest paid key management personnel in 2024. See Directors report on Pages 19 to 20 for details of his compensation.

Notes to the Financial Statements (continued)

6. Operating loss

	2024 US$	2023 US$
Research expenses	2,000,233	1,745,921
Auditors' remuneration (note 8)	60,000	56,000
Clinical trial costs	60,271	455,944
Regulatory consulting costs	776,444	1,194,850
Legal and professional fees	205,943	659,321
Brand development and market research	29,587	257,283
Medical affairs and congress/symposia	125,533	636,547

7. Other income and expense items

	2024 US$	2023 US$
Finance income		
Dividend income	274,778	298,140
Interest income	60	759
Total finance income	274,838	298,899
Finance expense		
Interest on lease liabilities	16,178	15,990
Total finance expense	16,178	15,990

	2024 US$	2023 US$
Other gains and losses – net		
Foreign exchange (losses)/gains	(49,300)	72,451
Writeback of contingent consideration	–	316,000
Total other (losses)/gains	(49,300)	388,451

8. Auditor remuneration

	2024 US$	2023 US$
Auditors' remuneration		
Fees payable to the Group's auditor for audit of Parent Company and consolidated financial statements	60,000	56,000

Notes to the Financial Statements (continued)

9. Loss per share

The loss per share has been calculated using the loss for the year and the weighted average number of ordinary shares outstanding during the year, as follows:

	2024 US$	2023 US$
Loss for the year attributable to shareholders of the Group (US$)	(8,539,972)	(11,884,803)
Weighted average number of ordinary shares	748,738,270	214,278,452
Basic and diluted loss per share	(0.011)	(0.055)

For diluted loss per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all potential dilutive warrants and options over ordinary shares. Potential ordinary shares resulting from the exercise of warrants, options and the conversion of convertible loans have an anti-dilutive effect due to the Group being in a loss position. As a result, diluted loss per share is disclosed as the same value as basic loss per share.

10. Taxation

There were no charges to income tax due to the losses incurred by the Group in the year.

Income taxes computed at the statutory federal income tax of 21% (2023: 21%) and the North Carolina state income tax of 2.5% (2023: 2.5%).

UK corporation tax is calculated at 25%, which is the effective UK tax rate (2023: 23.5%).

	2024 US$	2023 US$
Loss on ordinary activities before tax	(8,539,972)	(11,884,803)
Taxable permanent differences	75,467	(52,657)
Taxable loss on ordinary activities	(8,464,505)	(11,937,460)
Taxable loss on ordinary activities multiplied by the rate of corporation tax in the US as above	(1,777,546)	(2,506,867)
Effects of:		
Adjustments for rate of tax in other jurisdictions	(55,376)	(37,970)
Unrelieved tax losses carried forward	1,832,922	2,544,837
Total taxation charge	–	–

The tax reform act of 1986 contains provisions which limit the ability to utilise the net operating loss carry forwards in the case of certain events including significant changes in ownership interests. If the Group's net operating loss carried forward, the Group would incur a federal income tax liability even though net operating loss carry forwards would be available in future years.

The Group has tax losses carried forward of US$69,914,000 (2023: US$59,442,700). The unutilised tax losses have not been recognised as a deferred tax asset due to uncertainty over the timing of future profits and gains.

Notes to the Financial Statements (continued)

11. Property, plant and equipment

	Leasehold improvements US$	Furniture and equipment US$	Computers and IT equipment US$	Total US$
Cost				
At 31 December 2022	34,208	957,845	120,442	1,112,495
Additions	–	68,728	10,187	78,915
At 31 December 2023	34,208	1,026,573	130,629	1,191,410
Additions	–	185,464	12,170	197,634
At 31 December 2024	34,208	1,212,037	142,799	1,389,044
Accumulated depreciation				
At 31 December 2022	19,866	597,446	76,685	693,997
Depreciation expense	4,110	172,339	32,337	208,786
At 31 December 2023	23,976	769,785	109,022	902,783
Depreciation expense	4,110	233,970	16,913	254,993
At 31 December 2024	28,086	1,003,755	125,935	1,157,776
Carrying amount				
At 31 December 2023	10,232	256,788	21,607	288,627
At 31 December 2024	6,122	208,282	16,864	231,268

12. Intangible assets

	Patents US$	Total US$
Cost		
At 1 January 2023	5,045,996	5,045,996
At 31 December 2023	5,045,996	5,045,996
At 31 December 2024	5,045,996	5,045,996
Accumulated amortisation		
At 1 January 2023	3,464,405	3,464,405
Amortisation expense	612,252	612,252
At 31 December 2023	4,076,657	4,076,657
Amortisation expense	595,517	595,517
At 31 December 2024	4,672,174	4,672,174
Carrying amount		
At 31 December 2023	969,339	969,339
At 31 December 2024	373,822	373,822

Notes to the Financial Statements (continued)

13. Investment in subsidiary undertaking

Company	Investment in subsidiary undertaking US$	Amount due from subsidiary undertaking US$	Total US$
Cost			
At 31 December 2023	4,342,848	53,941,091	58,283,939
At 31 December 2024	4,342,848	64,516,519	68,859,367
Carrying amount			
At 31 December 2023	4,342,848	53,941,091	58,283,939
At 31 December 2024	4,342,848	10,787,187	15,130,035

The investment in subsidiary undertaking is stated at cost less provision for impairment. The amount due from subsidiary undertaking are regarded as net investment which is subject to the impairment assessment whenever events or changes in circumstance indicate that the carrying value of the investment and the amount due from subsidiary undertakings may not be recoverable. There was an impairment indication, as the market capitalisation fell below the carrying amount, and a subsequent impairment assessment was undertaken.

A Net Present Value (“NPV”) calculation was prepared to determine the recoverable amount. In assessing the NPV calculation, the estimate future cash flows are discounted to their present value using a discount rate, including the other key assumption of the revenue growth and estimated gross profit margin. The NPV model was prepared over a six year period to reflect the shift in the long-term sales mix plan. The recoverable amount was compared to the carrying amount of the investment and the amount due from subsidiary undertaking to assess for impairment. The Company determined that impairment had occurred and recorded an impairment charge to the amount due from subsidiary undertakings in the amount of US$54 million following revision to the discount rate and estimated growth rate.

The company also considered any reasonably possible changes in the key assumptions, which would cause the recoverable amount to be below the carrying amounts. The results of the sensitivity analysis can be summarised as follows:

If the forecast growth rate had been 1% lower than the basis assumption, the total recoverable amount would be 15% lower.

If the discount rate used for the NPV had been 1% higher, the recoverable amount would be 23% lower.

The net carrying amounts noted above relates to the Subsidiary. The subsidiary undertaking during the year were as follows:

	Registered office address	Country of incorporation	Interest held %
Polarean Inc.	2500 Meridian Parkway #175, Durham, NC 27713, USA	USA	100

Notes to the Financial Statements (continued)

14. Trade and other receivables

	Group		Company	
	2024	2023	2024	2023
Amounts falling due after one year	US$	US$	US$	US$
Rental deposit	3,961	3,961	–	–
Prepayments	336,000	384,000	–	–
	339,961	387,961	–	–

	Group		Company	
	2024	2023	2024	2023
Amounts falling due within one year	US$	US$	US$	US$
Trade receivables	321,855	356,817	–	–
Other receivables	43,073	12,860	–	–
Prepayments	477,234	315,440	24,473	43,266
	842,162	685,117	24,473	43,266

Analysis of trade receivables based on age of invoices

	< 30	31 – 60	61 – 90	> 90	Total Gross	ECL	Total Net
	US$	US$	US$	US$	US$	US$	US$
2024	247,540	74,315	–	–	321,855	–	321,855
2023	93,690	242,327	20,800	–	356,817	–	356,817

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.

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.

15. Inventory

	Group	
	2024	2023
	US$	US$
Finished goods and component parts	1,428,633	2,221,823

During the year ended 31 December 2024, a total of US$1,472,677 of inventories was included in the statement of comprehensive income as an expense (2023: US$465,669).

Notes to the Financial Statements (continued)

16. Cash and cash equivalents

	Group		Company	
	2024 US$	2023 US$	2024 US$	2023 US$
Cash and cash equivalents	12,111,708	6,171,636	1,628,750	1,145,561

Cash equivalents include money market funds of US$8,156,281 (2023: US$3,264,513).

17. Share capital

The issued share capital of the Company was as follows:

Allotted and called up - Ordinary shares of 0.037p each	**2024 No.**	**2024 US$**	**2023 No.**	**2023 US$**
At beginning of period	215,848,593	104,780	213,047,509	103,463
Issue of share upon option exercise	267,200	126	–	–
Issue of shares upon warrant exercise	148,456	70	2,801,084	1,317
Issue of ordinary shares	990,768,532	465,360	–	–
At end of year	1,207,032,781	570,336	215,848,593	104,780

On 29 June 2023, the Company issued a total of 852,822 new ordinary shares upon the exercise of share warrants with an exercise price of £0.00037 each.

On 4 August 2023, the Company issued a total of 1,948,262 new ordinary shares upon the exercise of share warrants with an exercise price of £0.005877 each.

On 26 January 2024, the Company issued a total of 267,200 new ordinary shares upon the exercise of share options with an exercise price of $0.0041.

On 14 March 2024, the Company issued a total of 148,456 new ordinary shares upon the exercise of share warrants with an exercise price of $0.00037.

On 17 June 2024, the Company issued a total of 181,090,124 new ordinary shares as part of a fundraise with an exercise price of £0.01.

On 18 June 2024, the Company issued a total of 809,678,408 new ordinary shares as part of a fundraise with an exercise price of £0.01.

The total share issue costs for the 17 June 2024 and 18 June 2024 financing were US$908,193.

18. Reserves

Share premium

Share premium represents the excess of subscription amounts for the issue of shares over nominal value of shares issued, less any attributable share issue costs.

Group re-organisation reserve

The group re-organisation reserve arose on the transaction under which the Group acquired the Subsidiary by way of a group re-organisation.

Share-based payment reserve

Cumulative fair value of options charged to the consolidated income statement net of transfers to the profit or loss reserve on exercised.

18. **Reserves** continued

Accumulated losses

Includes all current and prior year retained profits and losses.

Merger reserve

The balance on the merger reserve represents the fair value of the consideration given in excess of the nominal value of the ordinary shares issued in an acquisition made by the issue of shares where the transaction qualifies for merger relief under the Companies Act 2006.

19. Share-based payments

Share options

The Company grants share options at its discretion to Directors, management and employees. These are accounted for as equity settled transactions. Should the options remain unexercised after a period of ten years from the date of grant the options will expire unless an extension is agreed to by the board. Options are exercisable at a price equal to the Company's quoted market price on the date of grant or an exercise price to be determined by the board.

Details of share options granted, exercised, lapsed and outstanding at the year-end are as follows:

	Number of share options 2024	Weighted average exercise price (US$)	Number of share options 2023	Weighted average exercise price (US$)
Outstanding at beginning of year	24,475,279	0.46	19,384,571	0.51
Granted during the year	128,672,451	0.24	6,150,000	0.39
Exercised during the year	(267.200)	0.0041	–	–
Forfeited/lapsed during the year	(6,195,260)	0.34	(1,059,292)	0.95
Outstanding at end of the year	146,685,270	0.24	24,475,279	0.46
Exercisable at end of the year	15,395,103	0.24	15,815,417	0.40

Date Granted	No. of options	Exercise price	Vesting conditions
22 February 2023	225,000	31 pence	Time-based[1]
20 April 2023	100,000	23 pence	Time-based[1]
20 June 2023	5,325,000	29 pence	Time-based[1]
24 September 2023	500,000	52 pence	Time-based[1]
26 July 2024	122,222,451	1.83 pence	Time-based[1]
4 September 2024	6,100,000	1.73 pence	Time-based[1]
20 December 2024	350,000	1.75 pence	Time-based[1]
	134,822,451		

[1]25% of the options shall vest on the one-year anniversary of the employee's date of hire with the remaining 75% vesting in equal portions over the 36 months following the one-year anniversary of the employee's date of hire.

The options outstanding as at 31 December 2024 have an exercise price in the range of US$0.023 to US$0.034 (2023: US$0.0041 to US$1.19).

19. Share-based payments continued

The fair value of options granted during the year has been calculated using the Black Scholes model which has given rise to fair values per share of between US$0.01 and US$0.02. This is based on risk-free rates of between 3.9% and 4.5%, volatility of between 124% and 140% and expected life of 4 years.

The Black Scholes calculations for the options resulted in a charge of US$726,348 (2023: US$860,195) which has been expensed in the year. The weighted average remaining contractual life of the share options is 9.03 years (2023: 5.78 years). The weighted average share price at the date of exercise for all share options exercised during the period was US$0.0041 (2023: US$Nil). All share options are equity settled on exercise.

Share warrants

The Company grants share warrants at its discretion to Directors, management, employees, advisors and lenders. These are accounted for as equity settled transactions. Terms of warrants vary from agreement to agreement.

Details for the warrants granted, exercised, lapsed and outstanding at the year-end are as follows:

	Number of share warrants 2024	Weighted average exercise price (US$)	Number of share warrants 2023	Weighted average exercise price (US$)
Outstanding at beginning of year	249,645	0.12	3,054,129	0.01
Exercised during the year	(148,456)	0.0037	(2,801,084)	0.01
Forfeited/lapsed during the year	–	–	(3,400)	0.20
Outstanding at end of the year	101,189	7.92	249,645	0.12
Exercisable at end of the year	101,189	7.92	249,645	0.12

The weighted average remaining contractual life of the share warrants is 2.26 years (2023: 1.50 years). The weighted average share price at the date of exercise for all share warrants exercised during the period was US$0.0037 (2023: US$0.01).

20. Contract Liabilities

	Group		Company	
	2024 US$	2023 US$	2024 US$	2023 US$
Arising from service contracts				
Balance brought forward	295,910	218,429	–	–
Additions	441,413	268,600	–	–
Revenue taken in year	(414,287)	(191,119)	–	–
Balance carried forward	323,036	295,910	–	–
Current	266,265	228,878	–	–
Non-current	56,771	67,032	–	–
	323,036	295,910	–	–

Notes to the Financial Statements (continued)

21. Trade and other payables

	Group		Company	
	2024	**2023**	**2024**	**2023**
Amounts falling due within one year	**US$**	**US$**	**US$**	**US$**
Trade payables	595,737	323,540	59,250	47,183
Accruals and other payables	2,107,142	1,508,047	95,567	80,000
Total liabilities from financing activities	2,702,879	1,831,587	154,817	127,183

	Group		Company	
	2024	**2023**	**2024**	**2023**
Amounts falling due after one year	**US$**	**US$**	**US$**	**US$**
Accruals and other payables	120,000	240,000	–	–

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs and are payable within 1 year.

The Directors consider the carrying value of all financial liabilities to be equivalent to their fair value.

22. Changes in liabilities from financing activities

Group

	1 January 2024 US$	Cash flows US$	Non-cash changes US$	31 December 2024 US$
Lease liability	216,691	(150,248)	437,343	503,786
Total liabilities from financing activities	216,691	(150,248)	437,343	503,786

	1 January 2023 US$	Cash flows US$	Non-cash changes US$	31 December 2023 US$
Lease liability	358,837	(158,136)	15,990	216,691
Total liabilities from financing activities	358,837	(158,136)	15,990	216,691

23. Leases

Nature of leasing activities

The group leases properties in the jurisdiction in which it operates with all lease payments fixed over the lease term.

	2024 No.	2023 No.
Number of active leases	1	1

The Group discounts the lease payments using its incremental borrowing rate at the commencement date of the lease. The weighted-average rate applied is 10%.

23. Leases continued

Right-of-use assets

	Land and Buildings US$
At 1 January 2023	274,288
Amortisation expense	(116,159)
At 31 December 2023	158,129
At 1 January 2024	158,129
Additions	421,165
Amortisation expense	(114,542)
At 31 December 2024	464,752

Lease liabilities

	Land and Buildings US$
At 1 January 2023	358,837
Interest expense	15,990
Lease payments	(158,136)
At 31 December 2023	216,691
At 1 January 2024	216,691
Additions	421,165
Interest expense	16,178
Lease payments	(150,248)
At 31 December 2024	503,786

Analysis of lease liabilities

Maturity of the lease liabilities is analysed as follows:

	2024 US$	2023 US$
Within 1 year	374,265	141,845
Later than 1 year and less than 5 years	129,521	74,846
	503,786	216,691

24. Commitments

Royalty commitments

The Subsidiary has entered into two agreements requiring royalty payments. One agreement requires payments of 0.25 per cent of net sales of machines and 0.20 per cent of net gas sales, with a minimum yearly royalty of US$5,000, and 20 per cent of any sublicensing income, for specific methods of use of certain patents. The second agreement requires payment of 5 per cent of net sales of software utilising certain source code, with a minimum annual royalty of US$1,000 for two years and US$5,000 thereafter, and 20 per cent of any sublicensing income related to this software.

Notes to the Financial Statements (continued)

25. Financial instruments

The Group has exposure to the following key risks related to financial instruments:

i. Market risk

ii. Credit risk

iii. Liquidity risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Group uses financial instruments including cash, trade receivables and trade payables, that arise directly from operations.

Due to the simple nature of these financial instruments, there is no material difference between book and fair values, discounting would not give a material difference to the results of the Group and the Directors believe that there are no material sensitivities that require additional disclosure.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Subsidiary. In order to minimise the risk, the Subsidiary endeavours only to deal with companies which are demonstrably creditworthy and this, together with the aggregate financial exposure, is continuously monitored. The maximum exposure to credit risk is the value of the outstanding amount. The Group considers the banks and financial institutions have low credit risks. Therefore, the Group is of the view that the loss allowance is immaterial and hence no provision is required.

The Directors do not consider that there is any concentration of risk within either trade or other receivables. There are no impairments to trade or other receivables in each of the years presented.

Categories of financial instruments

	Group		Company	
Financial assets at measured at amortised cost	**2024 US$**	**2023 US$**	**2024 US$**	**2023 US$**
Cash and cash equivalents	12,111,708	6,171,636	1,628,750	1,145,561
Trade and other receivables – current	364,928	369,678	–	–
Other receivables – non-current	3,961	3,961	–	–
Financial liabilities at measured at amortised cost				
Trade and other payables - current	595,737	323,540	59,250	47,183
Other payables – current	2,234,647	1,508,047	95,567	80,000
Trade and other payables - non-current	120,000	240,000	–	–

Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising returns to shareholders through the optimisation of capital structure. The Group is funded by equity. Equity comprises share capital, share premium, share-based payment reserves, group re-org reserves and accumulated losses and is presented in the statement of financial position. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Group manages the capital structure and makes adjustments to it in the light of changes to economic conditions and risks.

25. Financial instruments continued

(b) Market risk

There is no interest risk exposure to the group or the company. The Company made unsecured interest-free loans to its subsidiary and are expected to be repaid in the future as the subsidiary is revenue generative.

(c) Liquidity risk

A maturity analysis of the Group's financial liabilities is shown below:

	Carrying amounts	Undiscounted cash flow	Less than a year	1-2 years	2-5 years
2024					
Trade and other payables	2,822,879	2,822,879	2,702,879	120,000	–
Lease liabilities	503,786	555,737	154,023	401,714	–
	3,326,665	3,378,616	2,856,902	521,714	–
2023					
Trade and other payables	2,071,587	2,071,587	1,831,587	240,000	–
Lease liabilities	216,691	226,300	150,248	76,052	–
	2,288,278	2,297,887	1,981,835	316,052	–

Foreign Currency Risk

As highlighted earlier in these financial statements, the presentation currency of the Group is the US$. The Group has foreign currency denominated assets and liabilities. Exposure to exchange rate fluctuations therefore arises. The Group pays for invoices denominated in a foreign currency in the same currency as the invoice and therefore suffers from a level of foreign currency risk, but this is immaterial. The Group did not enter into any derivative financial instruments to manage its exposure to foreign currency risk in the year.

The carrying amount of the Group's foreign currency denominated monetary assets and liabilities at 31 December 2024 is as follows:

	2024 US$	2023 US$
British pound Sterling amounts in USD		
Cash balances	1,628,750	1,145,561

At 31 December 2024, if all foreign currencies in which the Group transacts had strengthened or weakened by 10% against the US$ with all other variables held constant, post-tax loss for the would have been increased/(decreased) by:

	2024 US$	2023 US$
Strengthened by 10% - increase in post-tax loss	162,875	114,556
Weakened by 10% - decrease in post-tax loss	(162,875)	(114,556)

25. Financial instruments continued

The rate of 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonable possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at year-end for a 10% change in foreign currency rates. A positive number above indicates an increase in loss or other equity where the US$ strengthens by 10% against the relevant currency. For a 10% weakening of the US$ against the relevant currency, there would be an equal and opposite impact on the profit or loss and other equity.

26. Contingent liabilities

The Directors are not aware of any material contingent liabilities.

27. Related party transactions

Remuneration of the key management personnel has been disclosed in Note 5. A former board director was paid $6,083 of consulting fees in 2024 (2023: $NIL) of which $3,042 was payable at the end of the year. A non-executive director was paid US$Nil for consulting services in 2024 (2023: US$11,650).

The Group purchased $203,968 (2023: $85,804) of Xenon from Nukem Isotopes, a substantial shareholder.

28. Events after the reporting period

Between 1 January 2025 and 23 April 2025, the Company granted options over a total of 3,450,000 ordinary shares of £0.00037 each in the capital of the Company to three new employees. The options vest over a four-year period and have an exercise price of 1.75 pence per share.

Notice of the Annual General Meeting

POLAREAN IMAGING PLC

(Incorporated in England and Wales under the Companies Act 2006 with company number 10442853)

NOTICE OF ANNUAL GENERAL MEETING

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to what action you should take, you are recommended to seek your own financial advice from your stockbroker or other independent adviser authorised under the Financial Services and Markets Act 2000.

If you have recently sold or transferred all of your shares in Polarean Imaging plc, please forward this document, together with the accompanying documents, as soon as possible either 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.

It is intended that the Annual General Meeting (the "AGM") of Polarean Imaging plc (the "Company") will be held at the Company's office at 2500 Meridian Parkway, Durham, NC 27713 USA at 2:00 p.m. BST (9:00 a.m. EST) on 9 June 2025. The Company understands and recognises the importance of the AGM and the Board greatly values the opportunity to meet shareholders in person. However, we understand that this may not be possible or desirable for all whom wish to attend, therefore, the Company will offer shareholders the option to participate in the AGM remotely via a Zoom conference call. If you wish to use this facility, please contact the Company Secretary by emailing polarean@walbrookpr.com who will provide further information. However, shareholders will not be able to vote at the meeting when joining via the Zoom conference call. Shareholders are therefore asked, whether or not they propose to attend the AGM, to exercise their votes and appoint the Chairman of the AGM as their proxy by completing the form of proxy sent to them with this document and return it to the Company's registrars, Share Registrars Limited, 3 The Millennium Centre, Crosby Way, Farnham, Surrey GU9 7XX as soon as possible. They must receive it by 2:00 p.m. BST (9:00 a.m. EST) on 5 June 2025 or, if the AGM is adjourned, 48 hours before the time fixed for the adjourned meeting (excluding any part of a day that is not a business day).

NOTICE IS HEREBY GIVEN that the annual general meeting of Polarean Imaging plc (the "Company") will be held at the Company's office at 2500 Meridian Parkway, Durham, NC 27713 USA at 2:00 p.m. BST (9:00 a.m. EST) on 9 June 2025 for the purpose of considering and, if thought fit, transacting the following business:

ORDINARY BUSINESS

To consider and, if thought fit, pass the following resolutions which will be proposed as ordinary resolutions:

(1) To receive and consider the Company's audited accounts for the year ended 31 December 2024 and the Directors' of the Company (the "Director(s)") and auditors' reports thereon.

(2) To consider and approve the remuneration report as detailed in the Company's annual report and accounts.

(3) To re-appoint Crowe UK LLP as auditor of the Company (the "Auditor") to hold office until the conclusion of the next general meeting at which accounts are laid and to authorise the Directors to fix the Auditor's remuneration.

(4) To re-elect Daniel Brague as a Director, who retires in accordance with article 78 of the Articles,

(5) and who, being eligible, offers himself for re-election.

(6) To re-elect Frank Schulkes as a Director, who retires in accordance with article 78 of the Articles, and who, being eligible, offers himself for re-election.

(7) To re-elect Juergen Laucht as a Director, who retires in accordance with article 78 of the Articles, and who, being eligible, offers himself for re-election.

(8) To generally and unconditionally authorise the Directors for the purpose of section 551 of the Companies Act 2006 (the "Act"), in substitution for all existing authorities to the extent unused, to exercise all the powers of the Company to allot or grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate number of 181,054,917 ordinary shares of £0.00037 each (the "Ordinary Shares") (being 15 per cent. of the total number of Ordinary Shares in issue as at the date of this notice), provided that this authority shall expire on the earlier of 15 months after the date of passing of this resolution or the conclusion of the annual general meeting of the Company next following the passing of this resolution, save that the Company may, before such expiry, make an offer or agreement which would or might require shares or equity securities, as the case may be, to be allotted or such rights granted after such expiry and the Directors may allot shares or equity securities or grant such rights, as the case may be, in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

SPECIAL BUSINESS

To consider and, if thought fit, pass the following resolution as a special resolution:

(9) Subject to the passing of resolution 7 above, to empower the Directors, pursuant to the general authority conferred on them and section 570 of the Act, to allot equity securities (within the meaning of section 560 of the Act) for cash as if section 561 of the Act did not apply to any such allotment, **provided that** this power shall be limited to the allotment of equity securities:

a) made in connection with an offer of securities, open for acceptance for a fixed period, to holders of Ordinary Shares of the Company on the register on a fixed record date in proportion (as nearly as may be) to their then holdings of such Ordinary Shares (but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with any legal or practical problems under the laws or requirements of any recognised regulatory body or any stock exchange in any overseas territory or in connection with fractional entitlements); and/or

b) wholly for cash (otherwise than pursuant to paragraph 8(a) above) up to an aggregate number of 181,054,917 Ordinary Shares.

This authority shall expire on the earlier of 15 months after the date of passing of this resolution and the conclusion of the annual general meeting of the Company next following the passing of this resolution but the Company may, before such expiry, make an offer or agreement which would or might require shares or equity securities, as the case may be, to be allotted or such rights granted after such expiry and the Directors may allot shares or equity securities or grant such rights, as the case may be, in pursuance of such an offer or agreement notwithstanding that the power conferred by this resolution has expired.

By Order of the Board

Stephen Austin
Company Secretary

7 May 2025

Registered Office:
27-28 Eastcastle Street
London
W1Q 8DH

Notice of the Annual General Meeting (continued)

NOTES

A shareholder entitled to attend and vote at the meeting convened by this notice is entitled to appoint one or more proxies to exercise all or any of their rights to attend, speak and vote on their behalf at the AGM. A proxy need not be a shareholder.

(1) Arrangements for the meeting

Shareholders who wish to attend the AGM in person should arrive at the venue in good time to allow their attendance to be registered. Shareholders who wish to participate in the meeting remotely via the Zoom conference call should contact the Company Secretary by emailing polarean@walbrookpr.com who will provide further information. However, Shareholders will not be able to vote at the meeting when joining via the Zoom conference call.

You can register your vote(s) for the AGM either:

- By visiting www.shareregistrars.uk.com, clicking on the "Proxy Vote" button and then following the on-screen instructions (you can locate your user name and access code on the top of the proxy form);
- by post or by hand to Share Registrars Limited, 3 The Millennium Centre, Crosby Way, Farnham, Surrey GU9 7XX using the proxy form accompanying this notice;
- in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out in note 10 below.

In order for a proxy appointment to be valid the proxy must be received by Share Registrars Limited by 2:00 p.m. BST (9:00 a.m. EST) on 5 June 2025.

The Board:

- Encourages Shareholders to submit their votes by proxy as early as possible, and Shareholders are encouraged to appoint the Chairman of the meeting as their proxy. All proxy appointments should be received by no later than 2:00 p.m. BST on 5 June 2025;
- strongly recommends CREST members to vote electronically through the CREST electronic proxy appointment service as your vote will automatically be counted;
- proposes that voting at the meeting will be conducted by means of a poll on all resolutions, with each Shareholder having one vote for each share held, thereby allowing all those proxy votes submitted and received prior to the meeting to be counted; and
- encourages you to submit any question that you would like to be answered at the meeting by sending it, together with your name as shown on the Company's register of members and the number of shares held, to the following email address: polarean@walbrookpr.com so that it is received by no later than 2:00 p.m. BST on 5 June 2025. Please insert "AGM – Shareholder Questions" in the subject header box of your email. The Company will endeavour to respond to all questions received from Shareholders at the AGM or within seven days following the AGM.

(2) To appoint a proxy, shareholders should use the form of proxy enclosed with this notice of AGM. Please carefully read the instructions on how to complete the form of proxy. For a proxy to be effective, the instrument appointing a proxy together with the power of attorney or such other authority (if any) under which it is signed or a notarised certified copy of the same must be deposited with the Company's registrars, Share Registrars Limited of 3 The Millennium Centre, Crosby Way, Farnham, Surrey, GU9 7XX, United Kingdom (the "**Registrars**") by 2:00 p.m. BST on 5 June 2025, or, if the AGM is adjourned, 48 hours before the time fixed for the adjourned meeting (excluding any part of a day that is not a business day). Alternatively, shareholders can register their vote(s) for the AGM by visiting www.shareregistrars.uk.com, clicking on the "Proxy Vote" button and then following the on-screen instructions (you can locate your user name and access code on the top of the proxy form). The completion and return of a form of proxy does not preclude a shareholder from subsequently attending and voting at the AGM in person if he or she so wishes. If a shareholder has appointed a proxy and attends the AGM in person, such proxy appointment will automatically be terminated.

(3) Pursuant to Regulation 41 of Uncertificated Securities Regulations 2001, the Company specifies that only those shareholders on the register of members at 2:00 p.m. BST on 5 June 2025 or, if the meeting is adjourned, 48 hours before the time of the adjourned meeting (excluding any part of a day that is not a business day), shall be entitled to attend or vote at the AGM in respect of the number of ordinary shares of £0.00037 each (the "**Ordinary Shares**") registered in their name at that time. Changes to the register of members after that time shall be disregarded in determining the rights of any person to attend or vote at the AGM.

(4) Any Shareholder may insert the full name of a proxy or the full names of two alternative proxies of the Shareholder's choice in the space provided with or without deleting 'the Chairman of the meeting.' A proxy need not be a Shareholder but must attend the meeting to represent the relevant Shareholder. The person whose name appears first on the Form of Proxy and has not been deleted will be entitled to act as proxy to the exclusion of those whose names follow. If this proxy form is signed and returned with no name inserted in the space provided for that purpose, the Chairman of the meeting will be deemed to be the appointed proxy. Where a Shareholder appoints as his/her proxy someone other than the Chairman, the relevant Shareholder is responsible for ensuring that the proxy attends the meeting and is aware of the Shareholder's voting intentions. Any alteration, deletion or correction made in the Form of Proxy must be initialled by the signatory/ies.

Notice of the Annual General Meeting (continued)

(5) A shareholder may appoint more than one proxy provided that each proxy is appointed to exercise the rights attached to a different Ordinary Share or Ordinary Shares held by that shareholder. A shareholder may not appoint more than one proxy to exercise rights attached to any one Ordinary Share. If a shareholder wishes to appoint more than one proxy, they should contact the Registrars on 01252 821390, +44 1252 821390 from overseas. Lines are open from 9.00 a.m. to 5.00 p.m. Monday to Friday, excluding public holidays. Alternatively, you may write to the Registrars by e-mail to Enquiries@shareregistrars.uk.com or by post to Share Registrars Limited, 3 The Millennium Centre, Crosby Way, Farnham, Surrey, GU9 7XX, United Kingdom for additional proxy forms and for assistance.

(6) 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 Ordinary Share.

(7) As at the close of business on the date immediately preceding this notice, the Company's issued share capital comprised 1,207,032,781 Ordinary Shares. Each Ordinary Share carries the right to vote at the AGM and, therefore, the total number of voting rights in the Company as at close of business on the date immediately preceding this notice is 1,207,032,781.

(8) A shareholder’s instructions to the proxy must be indicated in the appropriate space provided. To abstain from voting on a resolution, select the relevant ‘Vote withheld’ box. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.

(9) The form of proxy must be signed by the appointor, or his attorney duly authorised in writing. The power of attorney or other authority (if any) under which the form of proxy is signed, or a notarised certified copy of the power or authority, must be received by the Registrars with the form of proxy. If the appointor is a corporation, the form of proxy should be signed on its behalf by an attorney or duly authorised officer or executed as a deed or executed under common seal. In the case of joint holders, the signature of any one of them will suffice, but the names of all joint holders should be stated.

(10) CREST members who wish to appoint a proxy or proxies through the CREST Electronic Proxy Appointment Service may do so for the AGM to be held at 2:00 p.m. BST on 9 June 2025 and any adjournment(s) thereof by following the procedures described in the CREST manual. All messages relating to the appointment of a proxy or an instruction to a previously appointed proxy, which are to be transmitted through CREST, must be received by the Registrars (ID 7RA36) no later than 2:00 p.m. BST on 5 June 2025, or, if the AGM is adjourned, 48 hours before the time fixed for the adjourned meeting (excluding any part of a day that is not a business day).

(11) In order to revoke a proxy instruction, you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to the Registrars. In the case of a shareholder which is a company, the revocation notice must be executed in accordance with note 12 below. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice and must be received by the Registrars not less than 48 hours (excluding any part of a day that is not a business day) before the time fixed for the holding of the AGM or any adjourned meeting (or in the case of a poll before the time appointed for taking the poll) at which the proxy is to attend, speak and to vote. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

(12) A corporation’s form of proxy must be executed under either its common seal, if any, or under the hand of a duly authorised officer or attorney, in each case as required under the laws of its relevant jurisdiction.