

LifeSafe Holdings plc
(‘LifeSafe’, the ‘Group’ or the ‘Company’)

Final Results for the year ended 31 December 2022

Excellent operational and strategic performance

LifeSafe (AIM:LIFS), a fire safety technology business with innovative fire extinguishing fluids and fire safety products, reports its maiden audited Final Results for the year ended 31 December 2022 (‘FY22’ or ‘the Period’).

Financial highlights:

- Successful IPO and Admission to AIM on 6 July 2022 raising gross proceeds of £3.0 million
- Revenue up significantly to £4.0 million (2021: £670,000), exceeding previous market expectations
- Gross profit of £2.3 million at 57.0% margin (2021: £312,000 at 46.6% margin)
- Underlying loss before interest, tax, depreciation and amortisation¹ (‘underlying LBITDA’) of £1.3 million (2021: underlying LBITDA of £1.3 million)
- Underlying loss from operations² of £1.4 million (2021: loss of £1.4 million); loss from operations of £2.8 million (2021: loss of £1.5 million)
- Non-underlying costs of £1.6 million (2021: £162,000) comprising IPO costs charged to the income statement of £727,000, share-based payment charges of £630,000, other non-underlying costs of £58,000 and convertible loan interest on loans converted to equity on Admission to AIM of £187,000
- Underlying loss before tax³ of £1.4 million (2021: loss of £1.4 million); loss before tax of £3.0 million (2021: loss of £1.5 million)
- Capitalised product development spend of £0.4 million (2021: £0.1 million)
- Cash and cash equivalents at 31 December 2022 of £1.2 million (31 December 2021: £64,000)
- Net cash at 31 December 2022 of £1.1 million (31 December 2021: net debt of £0.5 million)

Operational highlights

- Launched the StaySafe 5-in-1 in the US on Amazon and Lifesafetechnologies.com in February 2022, building on the position of Amazon Prime’s top selling fire extinguisher in the UK
- UK patent granted for the Group’s FER1000 eco-friendly fire extinguishing fluid
- UK and international patent applications submitted for the Company’s new fluid, the LifeSafe Lithium Thermal Runaway Fluid, the effectiveness of which has been demonstrated through a series of live fire tests to a number of industry leaders to help and support the commercialisation of the fluid into the industrial market sector
- Launch of new website www.lifesafeindustrial.com to focus on the applications and uses of the Group’s new and future fluid developments for customers in the industrial sector
- Strong pipeline of innovative new products and fluid derivatives expected to launch in H1 2023
- Solid start to 2023 with sales ahead of budget and over four times those of the first two months of 2022 and gross margin ahead of last year by almost 4%

¹ Underlying LBITDA represents loss for the year before finance expense, tax, depreciation and amortisation, and non-underlying items (which comprise IPO listing costs, share-based payment charges and other non-underlying items).

² Underlying loss from operations represents loss for the year before finance expense, tax and non-underlying items (which comprise IPO listing costs, share-based payment charges and other non-underlying items).

³ Underlying loss before tax represents loss for the year before tax and non-underlying items (which comprise IPO listing costs, share-based payment charges, other non-underlying items and convertible loan note interest).

Commenting on the maiden Final Results, Dominic Berger, Executive Chairman of LifeSafe, said: “I am extremely pleased to report the excellent operational and strategic progress made by the Group in FY22. In addition to the Group’s successful IPO and admission to AIM in July 2022, one of only a handful of successful AIM listings in the year, significant progress has been made in commercialising LifeSafe’s core product after a number of years of innovation, development and refinement of the Group’s proprietary fire extinguishing fluid.

“Revenue materially exceeded the Board’s expectations set both at the beginning of 2022 and reset towards the end of the year. This was a phenomenal achievement against a worsening domestic and international macro-economic landscape as the year progressed, and even more impressive considering that LifeSafe only commenced trading through Amazon Prime in the UK in August 2021 and through Amazon US, and our LifeSafe US website, in February 2022.

“We have made a solid start to 2023, outperforming the Group’s budget with sales over four times those of the first two months of 2022 and gross margin ahead of last year by almost 4%. We remain on course to reach profitability, on a monthly basis, in the last few months of 2023.”

Investor presentation

An ‘in-person’ meeting for sell-side analysts will be held at 9.30am (BST) today at the offices of Buchanan, 3rd Floor, 107 Cheapside, London EC2V 6DN. Please contact Buchanan via lifesafe@buchanan.uk.com if you wish to join the meeting.

The Company will also be hosting a presentation for retail investors to discuss the announcement on 19 April 2023 at 5.00pm (BST). Please email lifesafe@buchanan.uk.com to register your interest.

This announcement contains inside information for the purposes of Article 7 of the UK version of Regulation (EU) No 596/2014 which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended (“MAR”). Upon the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain.

The person responsible for arranging the release of this announcement on behalf of the Company is Mike Stilwell, Chief Financial Officer of the Company.

For further enquiries:

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Notes to Editors

LifeSafe is a fire safety technology business that develops eco-friendly, novel and innovative fire extinguishing fluids with a range of life-saving fire safety products. Through its highly experienced management team, LifeSafe is seeking to create new markets for the Group in fire safety through new technologies, digital marketing and multi-channel sales.

LifeSafe has developed what the Directors believe to be a market disrupting range of eco-friendly fire safety protection products including, launched in December 2022, a new Thermal Runaway Fluid to combat thermal runaway in lithium battery fires by permanently extinguishing and preventing the re-ignition of lithium fires. This is an evolution of the Group's core FER1000 extinguishing fluid, for which the Group has been granted a patent in the UK, which has been developed by LifeSafe to extinguish five different types of fire: electrical, paper, textiles, cooking oil, and petrol and diesel.

The Group's best-selling product using this extinguishing fluid is the StaySafe 5-in-1 fire extinguisher. It was launched on Amazon Prime in the UK in August 2021 and subsequently became Amazon Prime's top-selling fire extinguisher in the UK in the same month. The StaySafe 5-in-1 and the PanSafe pan fire extinguisher were launched in Screwfix in Spring 2022.

LifeSafe is continuing to develop new fluid derivations for the industrial market.

LifeSafe was admitted to trading on AIM in July 2022 with the ticker LIFS.L. For additional information please visit <https://www.lifesafeholdingsplc.com>.

LinkedIn: <https://www.linkedin.com/company/lifesafe-technologies>

Twitter: <https://twitter.com/LifesafeT>

Chairman's Statement

Overview

I am extremely pleased to report the excellent operational and strategic progress made by the Group in FY22. In addition to the Group's successful IPO and admission to AIM in July 2022, one of only a handful of successful AIM admissions in the year, significant progress has been made in commercialising LifeSafe's core product after a number of years of innovation, development and refinement of the Group's proprietary fire extinguishing fluid.

I think it is important to remind shareholders and prospective investors of the genesis of the business. LifeSafe was formed to explore a novel, and environmentally friendly approach to putting out multiple types of fire with an aim to revolutionise the fire industry, save lives and protect memories. The result was the development of a patented super coolant fire extinguishing fluid that remains at the core of our business which is non-toxic, environmentally friendly and extremely effective at putting out multiple fire types.

Once we had developed, tested and secured approvals of our fluids, our commercial strategy was led by our research where consumers told us they found purchasing a fire extinguisher difficult and confusing, which is why currently only 17% of homes in England have a fire extinguisher. This determined our market approach. We therefore decided to launch with our unique StaySafe 5-in-1 fire extinguisher, a handheld plastic aerosol with a digital first, direct to consumer marketing approach leveraging the likes of the Amazon platform and harnessing the power of social media to drive awareness and sales.

Today in the UK, our StaySafe 5-in-1 is the number one best-selling fire extinguisher on Amazon UK.

Revenue for FY22, at over £4.0 million, materially exceeded the Board's expectations set both at the beginning of 2022 and reset towards the end of the year. This was a phenomenal achievement against a worsening domestic and international macro-economic landscape as the year progressed, and even more impressive considering that LifeSafe only commenced trading through Amazon Prime in the UK in August 2021 and through Amazon US, and our LifeSafe US website, in February 2022.

In addition to driving sales of our proprietary fire extinguishing fluid to consumers through digital channels, LifeSafe's team recognises the huge potential of fluid innovation for industrial and wholesale applications. In conjunction with industrial partners, we successfully developed and launched LifeSafe's Lithium Thermal Runaway Fluid ('TRF') in December 2022, specifically designed to address the escalating issue of thermal runaway in lithium batteries by permanently extinguishing and preventing the re-ignition of lithium fires.

The Group is on track in executing its strategy to build a multi-channel, international business capable of delivering significant long-term value for our shareholders.

Results

For the year to 31 December 2022, the Group's revenue increased significantly to £4.0 million (2021: £0.7 million) as the Group successfully began the commercialisation of its market-disrupting, eco-friendly fire extinguishing fluid.

Gross profit increased significantly to £2.3 million (2021: £0.3 million) and the gross margin improved to 57.0% (2021: 46.6%) ahead of the Board's expectations.

The Group made an underlying loss before tax¹ of £1.4 million (2021: loss of £1.4 million). After charging £1.6 million for non-underlying costs in relation to the IPO, share-based payment charges and convertible loan note interest (2021: £162,000 in relation to share-based payment charges and convertible loan note interest), the consolidated loss before tax for the year was £3.0 million (2021: loss of £1.5 million). Underlying LBITDA² was £1.3 million (2021: underlying LBITDA of £1.3 million).

¹ Underlying loss before tax of £1.4 million is before non-underlying items of £1.6 million (further details of which are set out in the notes to this announcement) (2021: underlying loss before tax of £1.4 million before non-underlying items of £0.2 million).

² Underlying LBITDA of £1.3 million is loss before tax, before finance expense of £0.2 million, depreciation and amortisation of £0.1 million, and non-underlying items of £1.4 million (2021: underlying LBITDA of £1.3 million is loss before tax, before finance expense of £0.1 million, depreciation and amortisation of £0.1 million, and non-underlying items of £0.1 million).

LifeSafe's underlying results, after separating out the significant costs of listing and non-core share-based payment charges, are very encouraging and illustrate a growth trajectory in line with that envisaged on IPO of the Group during the year.

Net cash at 31 December 2022 was £1.1 million (31 December 2021: net debt of £0.5 million). All outstanding convertible loan notes converted to equity on IPO, leaving the Group with debt of only £26,000 at the year end in relation to a Coronavirus bounce back loan secured during the pandemic.

Board appointments

During the year a number of appointments were made to the Board to ensure it has a structure and composition appropriate for a growing publicly-quoted business in the fire technology sector. The Board interactions and contributions during the year have proved to be extremely valuable and validate the appointments made and the appropriateness of the mix of skills of the Board.

People

The delivery of an IPO, continual innovation of products and the extraordinary sales growth during the year could not have been achieved without the exceptional commitment and resilience of our people and I would like to take this opportunity to thank them sincerely for their hard work and commitment.

Research and development

As I have previously reported, given the strong interest from major industry players in the potential applications of LifeSafe's fluids, the Group accelerated its development programme over the year. This resulted in the launch of LifeSafe's Lithium TRF in December 2022, the first fully developed and tested fire extinguishing fluid aimed at the industrial sector to be released under the Group's programme of innovation. A variant of the Group's core eco-friendly patented fluid, this new non-toxic and non-hazardous fluid has been designed and specified with industry leaders to permanently extinguish and prevent the re-ignition of lithium battery fires. The Group has submitted UK and international patent applications to protect its innovation.

In order to support this significant opportunity in the industrial sector, the Group developed a new website (www.lifesafeindustrial.com) specifically focussed on the industrial applications for the new fluid. This is distinct and separate from LifeSafe's consumer website (www.lifesafetechnologies.co.uk), which is focussed on household consumer applications of the Group's best-selling StaySafe 5-in-1 fire extinguisher.

The Group expects to release further new products from its development programme in the first half of 2023 and will make announcements as and when appropriate.

Technology and intellectual property

LifeSafe was granted a patent for its core FER1000 extinguishing fluid with effect from August 2022. This fluid, for which the initial patent application was filed in 2017, is at the centre of the Group's product range, and the base from which specific application variants can be developed. The length of time between initial application and patent grant is an indication of the robust process undertaken to ensure the uniqueness of the Group's innovation.

The Board recognises the importance of protecting its intellectual property and rigorously guards its innovation. The Group employs an intellectual property attorney to protect its interests and has intellectual property defence and pursuit insurance to protect its investments.

Outlook

The Group's significant outperformance against the Board's initial revenue expectations for the year is a clear validation of the quality of LifeSafe's product and strength of its management team and marketing strategy.

The opportunity for our product in the consumer market is significant and we continue to believe the mantra that every home should have one. Our laser focus therefore in the current year is to continue to grow consumer market penetration across all territories using our tried and tested digital marketing strategies.

We have made a solid start to 2023, outperforming the Group's budget with sales over four times those of the first two months of 2022 and gross margin ahead of last year by almost 4%. The Group remains on course to reach profitability, on a monthly basis, in the last few months of 2023.

The launch of our Lithium TRF represents an important and exciting step for the Group by expanding our offering into wholesale and industrial markets. These new market opportunities, combined with the excellent growth in sales of our consumer-focussed products, positions the Group extremely well to deliver value for our shareholders. I am very excited by what lies ahead for LifeSafe.

Dominic Berger
Executive Chairman
18 April 2023

Consolidated statement of comprehensive income
For the year ended 31 December 2022

		2022			2021 (Unaudited)		
	Note	Before non- underlying items £000	Non- underlying items (note 6) £000	Total £000	Before non- underlying items £000	Non- underlying items (note 6) £000	Total £000
Revenue	3	4,028	-	4,028	670	-	670
Cost of sales		(1,732)	-	(1,732)	(358)	-	(358)
Gross profit		2,296	-	2,296	312	-	312
Other operating income		-	-	-	46	-	46
Administrative expenses	4	(3,676)	(1,415)	(5,091)	(1,754)	(114)	(1,868)
Loss from operations		(1,380)	(1,415)	(2,795)	(1,396)	(114)	(1,510)
Finance expense	4,5	(5)	(187)	(192)	(1)	(48)	(49)
Other gains		-	-	-	14	-	14
Loss before tax		(1,385)	(1,602)	(2,987)	(1,383)	(162)	(1,545)
Taxation	6	173	-	173	24	-	24
Loss for the year		(1,212)	(1,602)	(2,814)	(1,359)	(162)	(1,521)
Other comprehensive income							
Total other comprehensive income		-	-	-	-	-	-
Total comprehensive expense		(1,212)	(1,602)	(2,814)	(1,359)	(162)	(1,521)
Basic and diluted loss per share (£)	7			(0.15)			(0.10)

All amounts relate to continuing activities.

Consolidated statement of financial position
As at 31 December 2022

	Note	As at 31 December 2022 £000	As at 31 December 2021 (Unaudited) £000
Non-current assets			
Intangible assets		483	165
Property, plant and equipment		10	11
		493	176
Current assets			
Inventories		442	190
Trade and other receivables	8	659	132
Cash and cash equivalents	9	1,166	64
		2,267	386
Total assets		2,760	562
Current liabilities			
Trade and other payables	10	(1,002)	(262)
Convertible loan notes	11	-	(562)
Borrowings	12	(7)	(7)
Other provisions		(24)	(31)
		(1,033)	(862)
Non-current liabilities			
Borrowings	12	(19)	(26)
		(19)	(26)
Total liabilities		(1,052)	(888)
Net assets/(liabilities)		1,708	(326)
Equity attributable to equity holders of the Parent			
Called up share capital	13	221	3
Share premium account	13	4,152	4,627
Share-based payment reserve		857	114
Convertible loan note reserve		-	171
Retained earnings		(3,522)	(5,241)
Total equity		1,708	(326)

Consolidated statement of changes in equity
For the year ended 31 December 2022

	Share capital £000	Share premium account £000	Share-based payment reserve £000	Convertible loan note reserve £000	Retained earnings £000	Total equity £000
Balance at 1 January 2021 (Unaudited)	2	3,347	-	-	(3,720)	(371)
<i>Comprehensive income</i>						
Loss for the year	-	-	-	-	(1,521)	(1,521)
Share-based payments	-	-	114	-	-	114
<i>Transactions with owners:</i>						
Shares issued for cash	-	436	-	-	-	436
Shares issued in lieu of expenses	1	656	-	-	-	657
Convertible loan notes exercised	-	188	-	-	-	188
Convertible loan notes issued	-	-	-	171	-	171
Balance at 31 December 2021 (Unaudited)	3	4,627	114	171	(5,241)	(326)
Balance at 1 January 2022	3	4,627	114	171	(5,241)	(326)
<i>Comprehensive income</i>						
Loss for the period	-	-	-	-	(2,814)	(2,814)
Share-based payments	-	-	630	-	-	630
Issue of warrants	-	(113)	113	-	-	-
<i>Transactions with owners:</i>						
Bonus issue of shares	151	-	-	-	(151)	-
Cancellation of share premium	-	(4,464)	-	-	4,464	-
Shares issued for cash	40	3,047	-	-	-	3,087
Share issue costs	-	(368)	-	-	-	(368)
Convertible loan notes exercised	27	1,423	-	(354)	220	1,316
Convertible loan notes issued	-	-	-	183	-	183
Balance at 31 December 2022	221	4,152	857	-	(3,522)	1,708

Consolidated statement of cash flows
For the year ended 31 December 2022

	Year ended 31 December 2022	Year ended 31 December 2021 (Unaudited)
Note	£000	£000
Cash flows from operating activities		
Loss before taxation from continuing activities	(2,987)	(1,545)
<i>Adjustments for non-cash/non-operating items:</i>		
Depreciation of property, plant and equipment	2	2
Amortisation of intangible assets	90	52
Equity-settled expenses	-	657
Gain on debt extinguishment	-	(14)
IPO costs	4 727	-
Equity-settled share-based payments	4 630	114
Finance expense	5 192	49
Operating cash flows before movements in working capital	(1,346)	(685)
Increase in inventories	(252)	(190)
Increase in trade and other receivables	8 (357)	(18)
Increase/(decrease) in trade and other payables	10 734	(273)
Cash used in operations	(1,221)	(1,166)
Corporation tax received	-	24
Net cash used in operating activities	(1,221)	(1,142)
Cash flows used in investing activities		
Purchase of property, plant and equipment	(1)	(10)
Purchase of intangibles	(408)	(123)
Net cash used in investing activities	(409)	(133)
Cash flows from financing activities		
Shares issued for cash (net of expenses)	13 1,993	436
Repayment of borrowings	(7)	(5)
Proceeds from issue of convertible loan notes	11 750	833
Other interest paid	(4)	-
Net cash generated by financing activities	2,732	1,264
Net increase/(decrease) in cash and cash equivalents	1,102	(11)
Cash and cash equivalents at the beginning of the year	64	75
Cash and cash equivalents at the end of the year	9 1,166	64

Notes

1. General information

These consolidated financial statements were approved by the Board of Directors on 17 April 2023.

2. Basis of preparation

The auditors have issued an unqualified opinion on the full financial statements for the year ended 31 December 2022 which will be made available for shareholders and delivered to the Registrar of Companies in due course. The financial information in this announcement for the years ended 31 December 2022 and 2021 does not constitute statutory financial statements within the meaning of Section 434 of the Companies Act 2006. The information contained within this announcement for the year ended 31 December 2022 has been extracted from the audited financial statements which have been prepared in accordance with International Financial Reporting Standards ('IFRS') as endorsed by the United Kingdom ('adopted IFRS'), and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. They have been prepared using the historical cost convention except where the measurement of balances at fair value is required. The financial information for the year ended 31 December 2021 was not subject to audit and audited group financial statements were not prepared. The information in this preliminary statement has been extracted from the audited financial statements for the year ended 31 December 2022 and, as such, does not contain all the information required to be disclosed in the financial statements prepared in accordance with IFRS.

3. Revenue from contract customers

No one customer made up more than 10% or more of revenue in the year ending 31 December 2022 (2021: 1). Management considers revenue derives from one business stream being the sale of fire extinguishing and related products.

	Year ended 31 December 2022	Year ended 31 December 2021 (Unaudited)
	£000	£000
Revenue from customers		
Customer 1	-	85
All other customers	4,028	585
	4,028	670

	Year ended 31 December 2022	Year ended 31 December 2021 (Unaudited)
	£000	£000
Geographical reporting		
United Kingdom	1,451	585
North America	2,372	-
Europe	180	-
Rest of the World	25	85
	4,028	670

4. Non-underlying items

	Year ended 31 December 2022 £000	Year ended 31 December 2021 (Unaudited) £000
IPO costs	727	-
Share-based payment charges	630	114
Other non-underlying costs	58	-
Within administrative expenses	1,415	114
Convertible loan note interest	187	48
Within finance expense	187	48
	1,602	162

IPO costs

On Admission to AIM on 6 July 2022, the Company issued 4,000,000 new ordinary shares and 2,716,550 ordinary shares to the providers of convertible loans, taking the number of ordinary shares in issue to 22,108,050. The total gross proceeds amounted to £3,000,000. The costs of issue amounted to £1,095,000 of which £727,000 was recognised as a non-underlying expense in the consolidated statement of comprehensive income and £368,000 was allocated to the share premium account in the consolidated statement of financial position.

Share-based payment charges

The total charge recognised for the year in relation to share-based payments amounted to £630,000 (2021: £114,000).

The Group operates equity-settled share-based remuneration schemes for employees. The terms and conditions of the grants are detailed below:

Date of grant	No. of Options	Exercise price (£)	Vesting conditions	Contractual life of options
30 September 2021 ¹	1,495,650	0.48	IPO	10 years
11 October 2021 ¹	1,645,200	0.48	IPO/market capitalisation	10 years
29 March 2022 ¹	1,645,200	0.16	12 months from admission date	10 years
26 July 2022	1,167,301	0.75	Total shareholder return	10 years
13 October 2022	974,965	0.75	Total shareholder return	10 years

¹The number of share options granted, and the corresponding exercise price, are shown after the Company's 49 for 1 bonus issue of shares on 9 May 2022.

Details of the number of share options granted, exercised, lapsed and outstanding at the end of each year, as well as the weighted average exercise prices in £ ('WAEP'), are as follows:

	As at 31 December 2022 Number	WAEP £	As at 31 December 2021 (Unaudited) Number	WAEP £
Outstanding at beginning of the year	3,140,850	0.48	-	-
Granted during the year	3,787,466	0.49	3,140,850	0.48
Forfeited/lapsed during the year	(1,645,200)	0.16	-	-
Exercised during the year	-	-	-	-
Outstanding at end of the year	5,283,116	0.49	3,140,850	0.48
Exercisable at end of the year	1,495,650	0.48	-	-

5. Finance expense

	Year ended 31 December 2022 £000	Year ended 31 December 2021 (Unaudited) £000
Interest on bank loans	5	1
Interest on convertible loan notes	187	48
	192	49

6. Taxation

A tax credit of £173,000 (2021: £24,000) has been recognised in relation to research and development tax credits available from HMRC through the SME R&D relief scheme.

7. Loss per share

Loss per share is calculated as follows:

	Year ended 31 December 2022	Year ended 31 December 2021 (Unaudited)
Basic and diluted loss per share (£)	(0.15)	(0.10)

The calculations of basic and diluted loss per share are based upon:

Loss for the year attributable to owners of the Parent (£000)	(2,814)	(1,521)
Weighted average number of ordinary shares (number)	18,666,870	15,369,510

The calculation of the basic loss per share is based on the results attributable to ordinary shareholders divided by the weighted average number of shares in issue during the year.

The weighted average number of shares in issue is used as the denominator in the calculating basic loss per share. As the Group is loss making the effect of instruments that convert into ordinary shares is considered anti-dilutive, hence there is no difference between the diluted and non-diluted loss per share.

During the year ended 31 December 2022, the Company completed a 49 for 1 bonus share issue. As a result, the weighted average number of shares in the comparative year has been adjusted accordingly.

8. Trade and other receivables

	31 December 2022	31 December 2021 (Unaudited)
	£000	£000
Amounts falling due within one year:		
Trade receivables	17	-
Other receivables	160	1
Taxation and social security	326	107
Prepayments and accrued income	156	24
	659	132

9. Cash and cash equivalents

	31 December 2022	31 December 2021 (Unaudited)
	£000	£000
Cash at bank available on demand	1,166	64
	1,166	64

10. Trade and other payables

	31 December 2022	31 December 2021 (Unaudited)
	£000	£000
Amounts falling due within one year:		
Trade payables	665	219
Other payables	61	17
Accruals	181	-
Other taxation and social security	95	26
	1,002	262

11. Convertible loan notes

	31 December 2022	31 December 2021 (Unaudited)
	£000	£000
Amounts falling due within one year:		
Convertible loan notes	-	562
	-	562

In the year ended 31 December 2021, the Group issued loan notes amounting to:

- £133,165 with an interest rate of 10% and converting at a 20% discount in the event of a qualifying fundraise. The loan notes were unsecured and repayable on 1 August 2022 or could be converted at any time into shares at the holder's option. The presence of potential settlement at a discount to an unknown fundraise price meant that the fixed for fixed criterion was not met. The loans were converted to equity on 4 March 2021 and 21 July 2021 for £19.25 per ordinary share of 1p, resulting in shares of 2,337 and 4,156 being issued respectively.

- £700,000 with an interest rate of 12%, with interest accruing to the value of the loan and converting to equity with the principal in the event of a conversion. The loans were unsecured and repayable in two years or could be converted at any time into shares at the holder's option. In addition to interest, there was an arrangement fee and a monitoring fee of 13% and 3% of principal respectively that was added to the loan balance on drawdown. The loan terms included an accelerated interest conversion feature that required a full year of interest to be converted into equity if the loan was converted part way through a year. These loans were converted on 6 July 2022 at £34.16 per 1p ordinary share.

In the year to 31 December 2022, the Company issued loan notes amounting to £750,000 with an interest rate of 12%, with interest accruing to the value of the loan and converting to equity with the principal in the event of a conversion. The loans were unsecured and repayable in two years or could be converted at any time into shares at the holder's option. In addition to interest, there was an arrangement fee and a monitoring fee of 13% and 3% of principal respectively that was added to the loan balance on drawdown. The loan terms included an accelerated interest conversion feature that required a full year of interest to be converted into equity if the loans were converted part way through a year. These loans were converted on 6 July 2022 at £34.16 per 1p ordinary share.

As the conversion feature resulted in the conversion of a fixed amount of stated principal into a fixed number of shares, it satisfied the 'fixed for fixed' criterion and, therefore, it is classified as an equity instrument. The value of the liability component and the equity conversion component were determined at the date the instrument was issued. The fair value of the liability component at inception was calculated using a market interest rate for an equivalent instrument without conversion option. The discount rate applied was 15%. The transaction costs have been apportioned between the equity and liability component with the portion attributable to equity recognised as a deduction in equity, and the liability component decreasing the amortised cost liability.

On Admission to AIM on 6 July 2022, all outstanding convertible loans converted to equity with the Company issuing 2,716,550 Ordinary Shares to the providers of all outstanding convertible loans.

12. Borrowings

	31 December 2022	31 December 2021 (Unaudited)
	£000	£000
Current:		
Bank loans	7	7
Non-current:		
Bank loans	19	26
	26	33

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

	31 December 2022	31 December 2021 (Unaudited)
	£000	£000
Less than 1 year	7	7
Later than 1 year and less than 5 years	19	26
After 5 years	-	-

Banks loans comprise a Coronavirus Bounce Back Loan Scheme loan provided by HSBC. The loan was taken out in May 2020 and matures five years after this date. The loan incurs interest of 2.5%.

13. Share capital and share premium account

Share capital	31 December 2022 £000	31 December 2021 (Unaudited) £000
Allotted, called up and fully paid		
Ordinary shares of £0.01 each	221	3
	221	3

Share capital	31 December 2022 £000	31 December 2021 (Unaudited) £000
Allotted, called up and fully paid		
Opening share capital	3	2
Shares issued for cash	40	-
Bonus issue of shares	151	-
Convertible loan notes exercised	27	-
Shares issued in lieu of expenses	-	1
Closing share capital	221	3

Share premium account	31 December 2022 £000	31 December 2021 (Unaudited) £000
Share premium account		
Opening balance	4,627	3,347
Shares issued for cash	3,047	436
Share issue costs	(368)	-
Cancellation of share premium	(4,464)	-
Issue of warrants	(113)	-
Convertible loan notes exercised	1,423	188
Shares issued in lieu of expenses	-	656
Closing balance	4,152	4,627

Called up share capital

Called up share capital represents the nominal value of shares that have been issued. All classes of shares have full voting, dividends, and capital distribution rights.

On 14 January 2022, the Company issued 2,561 new ordinary shares for cash, increasing the number of shares in issue to 307,830.

On 9 May 2022, a bonus issue of shares was made for the shareholders of all 307,830 shares already in issue at the date. The bonus issue offered 49 ordinary shares for every 1 ordinary share in issue, with a nominal value of £0.01 per share. This increased the number of ordinary shares in issue by 15,083,670 to 15,391,500.

On 6 July 2022, the Company issued 4,000,000 new ordinary shares and 2,716,550 ordinary shares to the providers of convertible loans, increasing the number of ordinary shares in issue to 22,108,050.

14. Post balance sheet events

On 21 March 2023, the Group entered into a non-revolving, £250,000 invoice finance facility to more easily manage the working capital requirements of sales growth, should this be required. The facility, which is utilisable over an initial term of six months, does not bear interest but attracts a fee of £18,750 payable equally over the initial term. Each drawdown is repayable over the six months following drawdown, with the first instalment paid at the time of the first drawdown. The facility is not currently being utilised.

15. Full financial statements

The auditors have issued an unqualified opinion on the full financial statements for the year ended 31 December 2022 which will be made available for shareholders and delivered to the Registrar of Companies in due course. Further copies of these results, and the full financial statements when published, will be available on the LifeSafe Holdings plc investor relations website, www.lifesafeholdingsplc.com.

- Ends -