Company registered number: 09770600

LifeSafe Holdings plc

Group Annual Report and Financial Statements

for the year ended

31 December 2022

Company information

In this report

The Statutory Strategic Report comprises the Executive Chairman's Statement, the Strategic Review, the Performance Review, the Section 172 Companies Act Statement and the Risks and Risk Management section.

Company information

Directors	DPC Berger	
	AJ Brading	(resigned 22 February 2022)
	GC Cornelius	(resigned 22 February 2022)
	The Rt. Hon. MC Field	(appointed 1 April 2022)
	EE Hynes	(appointed 1 April 2022)
	PN Jameson	(resigned 22 February 2022)
	OSC Sheehan	(resigned 22 February 2022)
	NC Smith	
	MJ Stilwell	(appointed 27 January 2022)
	D Subba	(resigned 22 February 2022)
Registered office	1 Sopwith Crescent Wickford Essex SS11 8YU	
Company Secretary	AJ Brading	(appointed 10 May 2022)
Company's registered number	09770600	
Independent auditor	Haysmacintyre LLP 10 Queen Street Place London EC4R 1AG	
Registrar	Neville Registrars Limited Neville House Steelpark Road Halesowen B62 8HD	
Solicitor	Marriott Harrison LLP 80 Cheapside London EC2V 6EE	
Nominated Adviser and Broker	WH Ireland Limited 24 Martin Lane London EC4R 0DR	
Banker	National Westminster Bank 1 The Cross, Worcester WR1 3PR	

Overview

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 global 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.

Our business model

LifeSafe was founded as Firescue UK LTD in 2015 to develop an innovative, novel and eco-friendly fluid capable of extinguishing multiple types of fire.

Our purpose is to generate significant returns for our shareholders through establishing and serving new markets for our innovative fire extinguishing products. The Company, led by its highly experienced management team, has developed a business strategy which has been designed to achieve this purpose based upon five core pillars:

- Innovative fire extinguishing fluids and products

The LifeSafe business has been built around the Group's highly innovative and eco-friendly fire extinguishing fluids and products. It is the Board's intention that the Group will develop further innovative and accessible fire safety products. The new product pipeline includes new fluid derivatives for sale across its consumer, wholesale and industrial sales channels.

- High level services

The provision of a high level of digital customer service focussed on engagement, satisfaction and retention, which is monitored consistently, and reflected, in the Board's opinion, in the Group's Trustpilot rating of "Excellent".

- Digital expertise

Since the re-launch of its business, the Board has adopted a 'Digital First' approach, utilising digital sales and distribution channels to commercialise and generate demand for the Group's products through Amazon and the Group's website, www.lifesafetechnologies.co.uk and equivalent sites outside the UK.

- International expansion

Having established increasing demand for the Group's products in the UK, the Company has already started building demand for its products in Europe, the US and Canada, in a cost-effective manner through its 'Digital First' strategy.

- Multi-channel sales

As demand for, and awareness of, the Group's products increases in the consumer market, it is the Board's intention to leverage that awareness to stimulate demand in other sales channels such as the wholesale and industrial markets, including, for example, through Screwfix and various housing associations, and for the fluids in industrial applications.

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 amortisation[1] ('underlying LBITDA') of £1.3 million (2021: underlying LBITDA of £1.3 million)
- Underlying loss from operations[1] 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 tax[1] 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] A reconciliation of 'alternative performance measures' to measures prescribed in financial standards is given in the Performance Review section.

Chairman's statement

Overview

I am extremely pleased to report the excellent operational and strategic progress made by the Group in 2022. 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 the year, 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 shareholders.

Introduction

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 tax[1] 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 LBITDA[2] 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 below) (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 further 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

Introduction

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
17 April 2023

Our proprietary technology

Extinguishing fluids

FER1000 extinguishing fluid

At the centre of the Group's existing product range is the FER1000 extinguishing fluid, which has been developed by the Group to extinguish five types of fire: electrical, paper, textiles, cooking oil, and petrol and diesel.

The FER1000 fluid, for which a UK patent was granted with effect from August 2022, is environmentally friendly and both non-toxic and non-hazardous. It has been tested and verified by the British Standards Institute in the UK and by Apragaz in Europe to extinguish, in an environmentally safe manner, each of the aforementioned types of fire, albeit verified for diesel only in Europe.

PAN3000 extinguishing fluid

The PAN3000 is an extinguishing fluid which, when released, expands, thereby smothering fires associated with cooking oil.

Lithium Thermal Runaway Fluid

In December 2022 the Group announced the launch of its new LifeSafe Lithium Thermal Runaway Fluid, for which UK and international patent applications have been submitted. This is a variant of the Company's core eco-friendly patented FER1000 extinguishing fluid and is designed to permanently extinguish and prevent the re-ignition of lithium fires by removing the heat from the lithium fire, therefore making the battery safer post trauma.

Protection products

StaySafe 5-in-1 fire extinguisher

The StaySafe 5-in-1 fire extinguisher, the Company's best-selling product, is a lightweight, easy-to-use, maintenance-free, fully recyclable PET aerosol fire bottle, containing the Company's FER1000 eco-friendly extinguishing fluid.

The fluid, which is LifeSafe's proprietary technology, is contained within a bag-on-valve system, which consists of an aerosol valve with a crimped bag, with a pressurised air propellant in the space between the bag and the PET bottle. The Group has the exclusive rights, under licence, to use the bottle and valve technologies in the fire extinguishing sector.

StaySafe PanSafe cooking oil fire extinguisher

The StaySafe PanSafe is a sachet containing the PAN3000 fluid variant of the FER1000 targeted specifically at cooking oil fires. The sachet contains a strengthener so that it can be placed by hand into a pan fire, which causes the fluid to be released, so expanding and smothering cooking oil fires, thereby extinguishing them and preventing re-ignition.

Corporate social responsibility

Introduction
Corporate social responsibility is integral to our success. We aspire to carry out our business activities to the highest ethical standards, act responsibly and make a positive impact in our interactions with all our stakeholders.

Respect for people and diversity
Employee experience and satisfaction in the workplace are very important to us. Operating our business in a non-discriminatory manner that focusses on fair treatment and respect for each other is a core value and underpins our interactions with our employees, customers and suppliers.

The Board is responsible for ensuring that our policies and practices reflect best practice for equality of opportunity and long-term professional development for our employees. All senior management are responsible for ensuring that throughout the business our workplace is free from harassment and bullying and we strive to create a positive environment that is supportive, enables employees to fulfil their maximum potential and drives our business performance.

We are committed to ensuring that within the framework of the law, LifeSafe is free from discrimination on any grounds. LifeSafe is an equal opportunities employer and ensures that all applications for employment are given full and fair consideration. Every effort is made to support employees to be successful in their careers. Our people and development policies are reviewed regularly to ensure that they are non-discriminatory and promote equal opportunity. In particular, recruitment, selection, promotion, and training and development are all monitored to ensure that all employees have the opportunity to progress in line with their abilities.

Health, safety and the environment
Supporting health, safety and the environment are important elements to our success. We view the standards of health and safety required by law as being only the minimum and endeavour to follow best practice in all of our activities. The Group complies with all local legislation relevant to the respective territories in which it operates. To support the environment, we ensure that all testing materials are recycled in line with industry guidelines.

Wider stakeholder engagement
Senior managers meet regularly with employees to update them on the Group's performance and to discuss business-related issues. The Group encourages feedback from its customers through its senior managers and regularly holds demonstration events which are attended by current and prospective customers and investors, and other interested parties.

The Group's marketing, compliance and innovation teams regularly engage with customers, industry bodies and trade associations, both directly and through social media. In addition, the Group's technical support team liaises with customers through social media and its website.

Group financial results

Overview

2022 was a ground-breaking year for LifeSafe. The results for the year reflected the first commercial sales for the Group alongside its IPO and admission to AIM in July 2022.

Underlying Group performance

	2022			2021		
	Before non-underlying items £000	**Non-underlying items £000**	**Total £000**	Before non-underlying items £000	Non-underlying items £000	Total £000
Revenue	**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	**(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	**(5)**	**(187)**	**(192)**	(1)	(48)	(49)
Other gains	**-**	**-**	**-**	14	-	14
Loss before tax	**(1,385)**	**(1,602)**	**(2,987)**	(1,383)	(162)	(1,545)

Total revenue for the year increased significantly from £0.7 million to £4.0 million resulting in an underlying operating loss of £1.4 million, in line with 2021. Gross profit amounted to £2.3 million which represented a gross margin of 57.0% (2021: 46.6%). Underlying LBITDA was £1.3 million (2021: underlying LBITDA of £1.3 million). The underlying loss before tax was £1.4 million (2021: £1.4 million). Non-underlying items amounted to £1.6 million (2021: £0.2 million) and comprised largely IPO costs, share-based payment charges and convertible loan note interest. After non-underlying items, the loss from operations was £2.8 million (2021: £1.5 million) and the loss before tax was £3.0 million (2021: loss of £1.5 million). Underlying measures are detailed at the end of this report.

Overall cash inflow in the year was £1.1 million (2021: outflow of £11,000) largely as a result of the cash generated through the IPO in July 2022, and net cash at 31 December 2022 was £1.1 million. This compared with net debt of £0.5 million at 31 December 2021. The net movement of £1.6 million comprised an increase in cash and cash equivalents of £1.1 million, of which cash used by operations amounted to £1.2 million and capital expenditure was £0.4 million, offset by equity funds raised, net of expenses, of £2.0 million and proceeds from convertible loan notes issued of £0.8 million.

Performance review

Income statement
Revenue
Revenue for the year, split by geographic location, was as follows:

	2022	2021	**Inc/(dec)**	**Inc/(dec)**	**2022 proportion**	2021 proportion
	£000	£000	**£000**	**%**	**%**	%
United Kingdom	**1,451**	585	**866**	**148%**	**36%**	87%
North America	**2,372**	-	**2,372**	**N/A**	**59%**	-
Europe	**180**	-	**180**	**N/A**	**4%**	-
Rest of the World	**25**	85	**(60)**	**(71%)**	**1%**	13%
Total revenue	**4,028**	670	**3,358**	**501%**	**100%**	100%

Overall, the Group's revenue increased by 501% to £4.0 million as the business successfully began the commercialisation of a number of years' investment in developing its innovative, market-disrupting eco-friendly fire extinguishing fluid. The most significant locations of growth were in the UK and North American markets. Revenue in the UK market increased from £0.6 million to £1.5 million, accelerating significantly after the launch of the StaySafe 5-in-1 on Amazon Prime in the UK in August 2021. Sales in the North American market commenced in February 2022 with the launch of the Group's LifeSafe US website and initial sales through Amazon US, and reached £2.4 million for the year.

Gross profit and gross margin
Gross profit increased to £2.3 million and represented a gross margin of 57.0% (2021: 46.6%). The increase in gross margin was largely due to economies of scale with suppliers gained through increasing production volumes and the favourable impact of sterling translated US dollar denominated income received from its sales within the North American market.

Overheads
The Group's overhead costs comprise the distribution and administrative costs of running the business together with the digital marketing costs vital to driving sales through the Group's digital sales channels. Excluding non-underlying items totalling £1.4 million (2021: £0.1 million), further details of which are given below, overheads of £3.7 million were significantly higher than the prior year's £1.8 million as the Group increased its digital marketing spend to drive sales, incurred increased logistics costs to meet the growth in demand, and adopted a management and governance structure appropriate for a publicly listed company.

Total overhead costs amounted to £5.1 million (2021: £1.9 million), an increase of £3.2 million, of which £1.3 million was as a result of additional non-underlying costs described below.

Performance review

Non-underlying items
Non-underlying costs totalling £1.6 million (2021: £0.2 million) were incurred in the year as follows:

Within administrative expenses:

- IPO fundraising costs of £0.7 million;
- Share-based payment charges of £0.6 million (2021: £0.1 million); and
- Other non-underlying costs of £0.1 million in relation to expenses unrelated to the underlying performance of the business.

Within finance expenses:

- Convertible loan note interest of £0.2 million (2021: £48,000).

Further details are given in note 6 to the financial statements.

Result for the year
The underlying operating loss for the year amounted to £1.4 million compared to an underlying operating loss of £1.4 million in 2021. After taking account of non-underlying items of £1.6 million in the year, the Group reported a loss before tax of £3.0 million (2021: £1.5 million).

The Group booked a tax credit of £173,000 (2021: £24,000) arising from the surrender of taxable losses for a research and development tax credit.

Basic and diluted EPS for the year was a loss of £0.15 per share (2021: loss of £0.10 per share).

Statement of financial position
The net assets of the Group amounted to £1.7 million at 31 December 2022 (31 December 2021: net liabilities of £0.3 million) and can be summarised as follows:

	2022	2021
	£000	£000
Capitalised development costs	**483**	165
Property, plant and equipment	**10**	11
Non-current assets	**493**	176
Cash balances	**1,166**	64
Bank loan	**(26)**	(33)
Convertible loan notes	**-**	(562)
Net cash/(debt)	**1,140**	(531)
Net working capital	**(148)**	(23)
Research & development tax asset	**223**	52
Net assets/(liabilities)	**1,708**	(326)

Performance review

Non-current assets at 31 December 2022 amounted to £0.5 million compared with £0.2 million at 31 December 2022. The most significant components of this were capitalised development costs incurred in the development of the Group's products, with a net book value of £0.5 million.

Total capital expenditure in the year increased to £0.4 million compared with £0.1 million in 2021 reflecting the ongoing development of the Group's product portfolio including its Thermal Runaway Fluid for lithium battery fires, launched in December 2022.

Total capital expenditure of £0.4 million (2021: £0.1 million) compares with depreciation and amortisation totalling £92,000 in the year (2021: £54,000).

Net cash amounted to £1.1 million at 31 December 2022 (31 December 2021: net debt £0.5 million) and is explained in detail below.

Working capital reduced to £148,000 at 31 December 2022. Within this, stock increased by £252,000 to £442,000 (31 December 2021: £190,000) to ensure that sufficient products were available to meet demand in early 2023, in particular in the US market. Trade and other receivables (excluding the research & development tax asset) increased by £356,000 to £436,000 (31 December 2021: £80,000) reflecting the increased deposit reserves held by Amazon linked to the Group's increased sales, and costs prepaid in transporting stock around the year end. Trade and other payables increased by £740,000 to £1,002,000 (31 December 2021: £262,000), the most significant components of which were the increase in trade payables to £665,000 (31 December 2021: £219,000) reflecting the purchase of stock and components to ensure sufficient products were available to meet the growing demand in the Group's markets, and the increase in other payables and accruals to £242,000 (31 December 2021: £17,000) reflecting the accrual of costs not yet billed in 2022.

The research & development tax asset at 31 December 2022 amounted to £223,000 (31 December 2021: £52,000) and comprised an amount of £80,000 due in respect of the periods ending 31 December 2021 and 30 September 2020, subsequently received after the year end, and an amount of £143,000 in relation to the expected claim for 2022.

Cash

The Group ended the year with net cash of £1.1 million at 31 December 2022 (31 December 2021: net debt £0.5 million). The movement in net cash during the year is reflected in the statement of financial position as follows:

	£m
Increase in cash balances and net cash inflow	1.1
Conversion to equity of convertible loan notes	0.5
Repayment of bank loan	-
Increase in net cash	1.6

The net cash inflow of £1.1 million in the year is summarised in the table below. The most significant non-operating cash flow items include capital expenditure of £0.4 million as described above, and the cash flows in relation to fundraising throughout the year, described below.

Performance review

On 14 January 2022, the Company issued 2,561 new ordinary shares for cash. The total gross proceeds amounted to £87,000. 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. The total gross proceeds amounted to £3.0 million. The costs of issue amounted to £1.1 million 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 equity in the consolidated statement of financial position.

The total net proceeds of share issues amounted to £2.0 million.

	2022	2021
	£000	£000
Underlying operating loss	**(1,380)**	(1,396)
Depreciation and amortisation charges	**92**	54
Equity-settled expenses	**-**	657
Decrease/(increase) in working capital	**125**	(481)
Cash used by operations before non-underlying payments	**(1,163)**	(1,166)
Cash cost of non-underlying items	**(58)**	-
Cash used by operations	**(1,221)**	(1,166)
Interest paid (net)	**(4)**	-
Taxation received	**-**	24
Capital expenditure	**(409)**	(133)
Proceeds from issue of shares (net)	**1,993**	436
Proceeds from issue of convertible loan notes	**750**	833
Repayment of bank loan	**(7)**	(5)
Net cash flow	**1,102**	(11)

Use of non-GAAP financial performance measures

Certain disclosures and analyses set out in this Annual Report and Financial Statements include measures which are not defined by generally accepted accounting principles ('GAAP') under UK-adopted IFRS. We believe this information, along with comparable GAAP measurements, is useful to investors. Management uses these financial measures, along with the most directly comparable GAAP financial measures, in evaluating our operating performance. Non-GAAP measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with GAAP.

Performance review

In the following table we provide a reconciliation of this and other non-GAAP measures, as defined in the Performance Review on pages 12 to 18, to relevant GAAP measures:

Underlying profit measures

Underlying operating loss	**2022 £000**	2021 £000
Reported operating loss	**(2,795)**	(1,510)
Non-underlying items:		
- IPO costs	**727**	-
- Share-based payment charges	**630**	114
- Other non-underlying costs	**58**	-
Underlying operating loss	**(1,380)**	(1,396)

Underlying loss before tax	**2022 £000**	2021 £000
Reported loss before tax	**(2,987)**	(1,545)
Non-underlying items:		
- IPO costs	**727**	-
- Share-based payment charges	**630**	114
- Other non-underlying costs	**58**	-
- Convertible loan note interest	**187**	48
Underlying loss before tax	**(1,385)**	(1,383)

Underlying LBITDA	**2022 £000**	2021 £000
Reported loss before tax	**(2,987)**	(1,545)
Finance expense	**5**	1
Other gains	**-**	(14)
Depreciation and amortisation	**92**	54
Non-underlying items:		
- IPO costs	**727**	-
- Share-based payment charges	**630**	114
- Other non-underlying costs	**58**	-
- Convertible loan note interest	**187**	48
Underlying LBITDA	**(1,288)**	(1,342)

Performance review

Net cash

Net cash is considered to be a non-GAAP measure as it is not defined in IFRS. The most directly comparable IFRS measure is the aggregate of loans and other borrowings (current and non-current) and cash and cash equivalents. This is the calculation used by the Group to measure net cash.

Mike Stilwell
Chief Financial Officer
17 April 2023

Board of Directors and Company Secretary

At the date of this report, LifeSafe's Board of Directors comprises two Non-Executive Directors and three Executive Directors, including the Executive Chairman. Membership of the Audit Committee and Remuneration Committee is made up solely of the Independent Non-Executive Directors.

The Board has the breadth and depth of skills necessary to guide the Group as it seeks to take full advantage of new opportunities and contend with new challenges. A brief biography of each of the current Directors is set out below:

Executive Directors

Dominic Berger, Executive Chairman, aged 53
Dominic has over 25 years' experience in various fast-growing private and public businesses, with expertise in building, developing and listing or selling companies, including numerous turnaround situations. His extensive experience includes leading a diverse group of listed and private businesses, including Sportsio/Umbro.com backed by Doughty Hanson, Blackstar, Venue Solutions Holdings Plc and, until recently, being chairman of Happy Drinks Co. Ltd. He was also previously managing director of Umbro.com. An FCA-approved person, Dominic is also chief executive officer of Capital Plus Partners, a regulated corporate finance business. Recently he has also advised businesses such as The Rockster, a business producing superfood for dogs, and TECs Group, a critical services facilities management business. Dominic has been Chairman of LifeSafe since April 2019.

Neil Smith, Chief Executive Officer, aged 52
Neil has diverse experience within multi-channel retailers, technology and e-commerce businesses, including as a commercial director at B&Q (part of the Kingfisher Group) and Halfords Group plc. Most recently, from February 2015 until July 2019, Neil was the group chief executive officer of AIM-quoted FireAngel Safety Technology Group plc, a European supplier of smoke, heat and carbon monoxide detectors. Having joined the Group as a consultant in 2020, Neil became CEO of LifeSafe in October 2021.

Mike Stilwell, Chief Financial Officer, aged 47
Mike is an experienced CFO who has over six years' experience of executive positions with publicly traded companies. He is a Chartered Accountant, having trained with KPMG which he joined in 1997. Mike was, from December 2018 to January 2021, CFO of AIM-quoted FireAngel Safety Technology Group plc having joined the group from his role as CFO of AIM-quoted Synectics plc. Prior to this he held senior finance roles with the Saint-Gobain Group, Coventry Building Society and the Caparo Group. Mike, who has a first-class degree in Accounting and Financial Analysis from the University of Warwick, joined LifeSafe in September 2021.

Non-Executive Directors

The Rt. Hon. Mark Field, Senior Independent Non-Executive Director, aged 58

Mark is a former MP and Minister of State for Asia & Pacific at the Foreign and Commonwealth Office who represented the Central London constituency of the Cities of London and Westminster in the UK Parliament between June 2001 and November 2019. A graduate of St Edmund Hall, Oxford, he practised as a solicitor with Freshfields in the early 1990s and then founded, managed and sold two businesses before embarking upon public service. During this time he developed expertise of the City and financial and professional services. As the Minister of State for Asia & Pacific, he travelled extensively in the region and was responsible for bilateral relationships with China and India, developing future UK strategy and co-operation with ASEAN, and promoting security and trade partnerships with Australia and New Zealand. Since leaving Parliament he has embarked upon a portfolio career, which includes roles as the non-executive chairman of the Isle of Man based Capital International Bank; senior adviser to the Cayman Islands Government Office in London; and consultant to turnaround/corporate restructuring specialists, Buchler Phillips. He is also a non-executive director of AIM-quoted Frenkel Topping Group PLC.

Emma Hynes, Independent Non-Executive Director, aged 47

Emma is a barrister who specialises in construction and commercial matters including professional negligence claims. She has developed a specific focus in the arena of fire safety and legislation, and is currently instructed as junior counsel to the Grenfell Tower Inquiry. Before coming to the Bar in 2015, Emma had a successful career in business communications with Serco, the Carbon Trust and Microsoft.

Company Secretary

Alan Brading, Company Secretary, aged 54

Alan is a Chartered Accountant (FCA) having trained in small practice and qualified in 1994. He became a Fellow member of the Institute of Chartered Accountants in 2010 and holds the qualification of Responsible Individual for the purposes of undertaking Statutory Audit Assignments. Alan is the Managing Partner of Sygma Chartered Accountants, having previously been the Managing Partner of Hamilton Brading Chartered Accountants until that firm was merged into Sygma Chartered Accountants in 2017. Alan, a consultant, has been the Company Accountant for LifeSafe, on a part-time basis, since it was founded in 2015.

Corporate governance report

Introduction
The Board is committed to ensuring the highest standards of corporate governance are maintained. This is reflected in our governance principles, policies and practices. We believe that effective governance, not only in the boardroom but right across the business, ultimately supports an organisation in improving long-term financial performance. Central to this is the Group's culture. We work hard across the organisation to ensure that we operate with high standards of moral and ethical behaviour and that this expectation is clear at all levels, in the way we work, in the way we reward, and in everything we do. We recognise that culture does not stand still. It must evolve as the business grows and as the environment changes to ensure our behaviours remain aligned with our size, structure and interests of our stakeholders.

Prior to admission to AIM in July 2022, the Board conducted a full review of the Company's corporate governance policies and procedures to ensure that an appropriately robust governance environment was in place. The Board has fully adopted, and is working towards full compliance with, the Quoted Companies Alliance Corporate Governance Code ('the Code') for small and mid-size quoted companies.

The extent of compliance with the ten principles that comprise the Code, together with an explanation of any areas of non-compliance, and any steps taken or intended to be taken to move towards full compliance, are set out below:

Principle		Current compliance	Comment and disclosures
Deliver growth			
1	Establish a strategy and business model which promote long-term value for shareholders	Full	The Group's business model and strategy, together with the key risks to achieving these goals, and mitigating actions taken, are documented in the Introduction, Strategic review and Risks and risk management sections of this Annual Report. These disclosures are supplemented by information in the 'About LifeSafe' section of our website www.lifesafeholdingsplc.com.
2	Seek to understand and meet shareholder needs and expectations	Full	The Group's approach to engagement with shareholders is documented in the Investor relations section of this Corporate governance report of this Annual Report. The success of this engagement will be measured through approval of shareholder resolutions recommended by the Board. This will be communicated in the 'RNS

Governance

Principle		Current compliance	Comment and disclosures
			Announcements' section of the Group's website www.lifesafeholdingsplc.com.
3	Take into account wider stakeholder and social responsibilities and their implications for long-term success	Full	The Group's approach and actions in relation to wider stakeholder involvement and social responsibilities are detailed in the Corporate social responsibility section and Statutory Directors' report of this Annual Report.
4	Embed effective risk management, considering both opportunities and threats, throughout the organisation	Full	The Group's internal control environment and system of risk management, including the key risks to which the Group is exposed, are documented in this Corporate governance report and the Risks and risk management section of this Annual Report.
Maintain a dynamic management framework			
5	Maintain the Board as a well-functioning, balanced team led by the chair	Full	The role, composition and independence of the Board are documented in this Corporate governance report of this Annual Report and supplemented by information in 'The Board' section of the 'About LifeSafe' area of our website www.lifesafeholdingsplc.com. The roles of Chairman and Chief Executive are separate and distinct. The primary responsibility of the chair is to lead the Board effectively and to oversee the adoption, delivery and communication of the Company's corporate governance model. The Chief Executive is responsible for the day-to-day running of the Group in line with the agreed strategy adopted by the Board. In this way there is adequate separation from the day-to-day business to be able to make independent decisions.
6	Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities	Full	The experience and skills of each Director are described in the Board of Directors section of the Governance section of this Annual Report and supplemented by information in 'The Board' section of the 'About LifeSafe' area of our website www.lifesafeholdingsplc.com. The roles of the Senior Independent Non-Executive Director and the Company Secretary, together with a description of the ongoing education of the

Governance

Principle		Current compliance	Comment and disclosures
			Directors, are detailed in this Corporate governance report of this Annual Report.
7	Evaluate board performance based on clear and relevant objectives, seeking continuous improvement	Partial	In forming the Board prior to admission to AIM in July 2022, careful consideration was given to its size and composition. A formal process for evaluating the Board will be undertaken during 2023 when new relationships have been established and the business has been operating for a sufficient period under the QCA governance framework. The understanding, effectiveness and contribution of each Director is kept under constant review by the Chairman with each Director's performance being reviewed before any proposal for re-election at the Annual General Meeting.
8	Promote a corporate culture that is based on ethical values and behaviours	Full	The promotion of the Group's corporate culture is evident in everything the Group does. This can be seen in our Business Model in the Introduction section of this Annual Report, in the Corporate and social responsibility section and addressed specifically in the Chairman's Introduction to this Corporate governance report.
9	Maintain governance structures and processes that are fit for purpose and support good decision-making by the board	Full	The Board structure, its committees, their roles and members, and the roles of Directors with specific remits, are described in this Corporate governance report and in the individual committee reports of this Annual Report.
Build trust			
10	Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	Full	The Group's approach and actions in relation to wider stakeholder engagement are detailed in the Statutory Directors' report of this Annual Report. Details of all shareholder communications are provided on the Group's website, including historical annual reports, general meetings and the outcome of all general meeting votes. The Group's regulatory RNS and RNS Reach announcements are also listed in the 'RNS Announcements' section of our website www.lifesafeholdingsplc.com.

Governance

The Group's corporate governance disclosures include the Corporate Governance Report, the Audit Committee Report and the Remuneration Committee Report.

Leadership and operation of the Board

The Board has ten full meetings scheduled in a year. Ad hoc board meetings are called to address exceptional or administrative matters.

All Directors are expected to devote such time as is necessary for the proper performance of their duties. After taking into consideration the availability and time commitment demanded of individual members, the Chairman was satisfied that the members of the Board were able to devote sufficient time and resource to perform their roles for the Group.

The 'chief operating decision making' authority is the Board which delegates day-to-day responsibility for managing the Group to the commercial board and operational board, both led by the Chief Executive Officer. The Chief Executive Officer leads the weekly commercial and operational board meetings of the Group to ensure commercial and operational targets are met or exceeded. Details of the commercial and operational boards are set out below.

The commercial board is responsible for developing and implementing the strategy approved by the Board and led by the Chief Executive Officer. In particular, it is responsible for ensuring that the Group's sales budget and forecasts are properly prepared, that targets are met, and for generally managing and developing the commercial aspects of the business within the overall budget. Any changes in strategy or significant deviation from sales budget require explanation to, and approval of, the Board.

The commercial board typically meets weekly and comprises the Chief Executive Officer, the Chief Financial Officer, Chief Operating Officer and Chief Commercial Officer with other senior managers attending as appropriate.

The operational board is responsible for the day-to-day running of the Group's operations. It typically meets weekly and comprises the Chief Executive Officer and wider management team.

On 10 May 2022, Alan Brading was appointed Company Secretary of the Group. All Directors have access to the advice and services of the Company Secretary. Both the appointment and removal of the Company Secretary are matters reserved for the Board. All Directors have the benefit of directors' and officers' liability insurance and are entitled to take independent professional advice at the Group's expense. The Directors keep their skills up-to-date through regular updates from the Group's advisory team, review of relevant publications, and attendance at appropriate seminars and market updates.

On appointment to the Board on 1 April 2022, The Rt. Hon. Mark Field was appointed as Senior Independent Non-Executive Director of the Group. Mark provides a communication channel between the Chairman and the Non-Executive Directors and is available to discuss matters with shareholders when required.

The Board agenda

The Board's responsibilities include:

- setting and monitoring the strategic objectives of the Group and reviewing individual management performance;
- monitoring the risks to achieving the strategic objectives;
- providing entrepreneurial leadership within a framework of prudent and effective controls for risk assessment and management;
- ensuring that appropriate resources are in place and being managed effectively for the Group to create long-term shareholder value; and
- approving annual budgets and investments in the Group's technology roadmap.

The agenda for each Board meeting is reviewed by the Chairman to ensure that sufficient time is given to consideration of the most significant issues. The Board receives the minutes of all Board Committee meetings at the next Board meeting following the Board Committee meeting. The culture of the Board is such that Non-Executive Directors are encouraged to constructively challenge the performance of management through rigorous discussion and debate in meeting the goals and objectives agreed to achieve the Group's strategy.

Board meetings

During 2022 matters dealt with by the Board included:

- review and approval of the Company's IPO and admission to AIM, and all associated documentation;
- establishing the terms of reference for the Company's Audit and Remuneration Committees;
- establishing the Company's share dealing code, anti-bribery, anti-corruption and whistle-blowing policies;
- establishing the financial position, prospects and procedures to be adopted and observed by the Company;
- review of corporate governance matters and reporting including the adoption of the Quoted Companies Alliance Corporate Governance Code for small and mid-size quoted companies;
- review and monitoring of Group strategy and progress against business objectives and operational and financial performance;
- approval of the Group's budget;
- approval of financial statements and dividend policy;
- risk management oversight;
- Board and senior management succession planning;
- consideration of Audit and Remuneration Committee reports and recommendations;
- the appointment of Haysmacintyre LLP as external auditor, upon the recommendation of the Audit Committee; and
- review of the Group's product development roadmap and technological developments in the industry.

Excluding ad hoc Board meetings for general administrative matters and for the process of IPO and admission to AIM, the number of Board and Board Committee meetings attended in person or by video conference call is set out as follows:

	Total number of meetings		
	Board	Audit Committee	Remuneration Committee
DPC Berger	10	-	-
Executive Chairman			
AJ Brading[1]	2	-	-
GC Cornelius[1]	2	-	-
The Rt. Hon. MC Field[2]	7	2	2
Chairman of Audit and Remuneration Committees			
EE Hynes[2]	6	2	2
PN Jameson[1]	2	-	-
OSC Sheehan[1]	2	-	-
NC Smith	10	-	-
MJ Stilwell	10	-	-
D Subba[1]	2	-	-

1. Number of meetings eligible to attend before resignation, Board: two; Audit Committee: nil; Remuneration Committee: nil
2. Number of meetings eligible to attend after appointment, Board: seven; Audit Committee: two; Remuneration Committee: two

Board Committees

The Group has two standing Board Committees: an Audit Committee and a Remuneration Committee. The roles and activities of those Committees are included in the respective Committee reports on pages 30 to 39.

The functions of a nominations committee are generally undertaken by the Group Board as a whole. Given the size of the Group and the size and composition of its Board, the Directors believe it is both practical and beneficial for matters of Board composition and recruitment, Board performance evaluation, Executive and Non-Executive succession planning, and training and development, to be undertaken by the Board as a whole unless it is necessary and appropriate for a separate nominations committee to be established for the most senior appointments. All such matters are regularly scheduled on the Board's agenda and are discussed thoroughly and robustly, incorporating the detailed perspectives and experience of all Directors.

Directors' conflicts of interest

Training on the Companies Act 2006 has been given to all Directors on the provisions within, and Directors are reminded of their duties at each Board meeting. All Directors maintain conflicts of interest declarations and any planned changes in their interests, including directorships outside the Group, are notified to the Board. None of the relationships declared are considered to be of a detrimental nature to LifeSafe's business and as such none are deemed to impact on the independence of the Directors. Any conflicts are declared at the first Board meeting at which the Director becomes aware of a potential conflict.

The beneficial interests of all Directors in the share capital of the Company are set out on page 43 of the Annual Report.

Effectiveness and ensuring the Board is effective
The Board has considered the overall balance between Executive and Non-Executive Directors and believes that the structure of the Board, with three Executive Directors and two Non-Executive Directors, ensures that there is no one individual or interest group dominating the decision-making process.

The independence of each Non-Executive Director will be reviewed and evaluated annually as part of the appraisal of each Director. Having each served as Non-Executive Directors on the Board for just over one year, both The Rt. Hon. Mark Field and Emma Hynes are both considered by the Board to be independent.

The Board considers that its size and composition are appropriate and that the balance of qualifications and experience appropriately reflects the financial, sector specific, technology and general international business skills required for it to discharge its duties and responsibilities effectively.

In advance of each meeting, Board members are provided with accurate, timely and clear information including operational updates and details of the financial performance and position of the Group. In this way, informed decisions and discussions can take place which enable the Board to properly discharge its duties.

Should they wish to, Non-Executive Directors are able to influence agendas for Board discussions and to ensure the amount of time spent reviewing strategic and operational issues is appropriately balanced. From time to time, the Board meets off site to review and discuss specific business issues.

In the event that Directors are unable to attend a meeting or video conference call, they receive and read the papers for consideration and have the opportunity to relay their comments to the Chairman.

All new Directors undertake a formal and comprehensive induction to the Group which is designed to develop their knowledge and understanding of the Group's culture and operations. Non-Executive Directors have regular opportunities to meet with senior managers to ensure they have a thorough understanding of the Group, its operations and markets.

All Directors are expected to devote such time as is necessary for the proper performance of their duties. The Non-Executive Directors' commitment approximates to two days per month. With the exception of the Executive Chairman, who works around 15 days per month on LifeSafe business, Executive Directors are expected to work full time.

Where required, the Executive Chairman holds meetings with the Non-Executive Directors without the other Executive Directors present. The Non-Executive Directors, led by the Senior Non-Executive Director, meet without the Chairman present at least once annually to appraise the Chairman's performance.

Internal control

The Board acknowledges its responsibility for safeguarding the investment of shareholders and the Group's assets. It has established processes for identifying, evaluating and managing the significant risks facing the Group.

The Board has overall responsibility for ensuring the Group maintains an adequate system of internal control and risk management, whilst the Audit Committee reviews its effectiveness on behalf of the Board. The implementation of internal control systems is the responsibility of management.

The Group's system of internal control is designed to help ensure:

- the effective and efficient operation of the Group by enabling management to respond appropriately to significant risks to achieving the Group's business objectives;
- the safeguarding of assets from inappropriate use or from loss or fraud and ensuring that liabilities are identified and managed;
- there is high quality of internal and external financial reporting;
- compliance with applicable laws and regulations and with internal policies on the conduct of the Group's business; and
- the ability to recover in a timely manner from the effects of disasters or major accidents which originate from outside the Group's direct control.

The Directors believe the internal control environment is generally adequate and appropriate given the size and complexity of the Group.

The principal risks and uncertainties facing the Group, together with mitigating actions taken to address those risks, are set out on pages 52 to 60. These reflect the risks of most concern to the Group, as considered at recent Board and Audit Committee meetings.

Given the Group's size and complexity, it does not have a separate internal audit function. The external auditor reports to the Audit Committee (and to the Board) on any controls which, during the course of its audit work, it has identified as requiring improvement. The Group then takes prompt action to address any control deficiencies. The Directors have taken steps to ensure that the Group has an appropriate control environment for its size and complexity. The management team will ensure that the internal control environment develops appropriately with the size of the Group, with respect to the identification, evaluation and monitoring of risk.

Investor relations
The Board believes it is important to have open communications with shareholders and seeks to ensure that these are informative and transparent. The Executive Directors make themselves available to, and expect to meet with, major institutional shareholders at least twice per year to discuss the published financial results. The Executive Directors also attend private investor seminars and events. From time to time, where appropriate, the Group may consult with major shareholders on any significant issues.

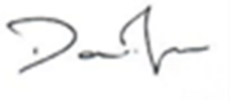
Members of the Board develop an understanding of the views of major shareholders through direct contact that may be initiated by the Group's broker or through shareholder feedback following investor roadshows, and through analysts' and brokers' briefings. In due course, the Group intends to host investor days at its fire test facilities to engage with investors and demonstrate the effectiveness of its range of products.

Whistleblowing procedures
The Board has adopted a whistleblowing policy which provides a mechanism for all employees to raise concerns to the Non-Executive Directors, in strict confidence and without recrimination, regarding any unethical business practices, fraud, misconduct or wrongdoing. Any such incident would be addressed confidentially by the Audit Committee. There were no whistleblowing reports during 2022 nor to the date of this report.

Anti-bribery and anti-corruption policy
The Board is committed to the fundamental values of integrity, transparency and accountability. As such it seeks to prohibit bribery and corruption in any form, whether direct or indirect. The Group aims to create and maintain a trust-based and inclusive internal culture in which bribery and corruption is not tolerated.

The Group would cease to trade with any third party it had reasonable grounds to suspect was involved in bribery or corruption. It would not hesitate to take legal and/or disciplinary action against employees or third parties who breach the Group's bribery and corruption policy.

By Order of the Board



Dominic Berger
Executive Chairman
17 April 2023

Audit Committee report

On behalf of the Board, I am pleased to present the Group's first Audit Committee report for the year ended 31 December 2022, which provides information about the newly established Audit Committee, its principal duties, and the specific matters it has considered since its inception during the year.

The Group's Audit Committee comprises:

- The Rt. Hon. Mark Field, Chairman of the Committee, Senior Independent Non-Executive Director; and
- Emma Hynes, Independent Non-Executive Director.

Both Committee members are Independent Non-Executive Directors and have no personal or financial interests in the matters considered by the Committee.

The Audit Committee operates within the remit delegated by the Board, which is set out in formal terms of reference. A copy of the terms of reference can be obtained from the Corporate Governance section within the Investors area of the Group's website (www.lifesafeholdingsplc.com).

Neither the Chairman nor any other Executive Director may attend meetings other than by invitation of the Committee members. The Committee invites the auditor to attend certain meetings.

In accordance with best practice, the Audit Committee is required to comprise at least one financially qualified member (as recognised by the Consultative Committee of Accountancy Bodies). I am deemed by the Board to have recent and relevant financial experience given my extensive experience in the financing and management of businesses.

The Committee's key objective is the provision of effective financial governance and assistance to the Board in ensuring the integrity of the Group's financial reporting. The Committee oversees the external audit process and reviews the Group's risk management framework, the effectiveness of its risk management processes and the system of internal control. Its principal duties are to:

- monitor the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance and review significant financial reporting judgements contained therein;
- consider whether in its view the Annual Report taken as a whole is fair, balanced and understandable and provides the information necessary to assess the Group's performance, business model and strategy, the ultimate approval of which is decided by the Board;
- review the effectiveness of the Group's financial reporting and the internal control and risk management policies and systems;
- review, annually, the need for an internal audit function;
- make recommendations to the Board for a resolution to be put to shareholders for their approval in general meeting, on the appointment of the external auditor and approval of its remuneration and terms of engagement;

- review the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements;
- review the appropriateness of accounting policies;
- develop and implement a policy on the engagement of the external auditor to supply non-audit services, taking into account relevant guidance regarding the provision of non-audit services by the external audit firm; and
- review the arrangements by which staff may in confidence raise concerns about possible improprieties.

Key considerations in 2022
Since its inception during the year, the Committee met twice and considered the following matters:

- the suitability of the Group's accounting policies and practices;
- the half-year and full-year financial results;
- the appointment of Haysmacintyre LLP as the Group's external auditor;
- the scope and cost of the external audit; and
- the internal control environment across the Group.

Significant financial statement reporting issues
The Audit Committee looks carefully at those aspects of the financial statements which require significant accounting judgements or where there is estimation uncertainty. The Audit Committee also reviews the draft of the external Auditor's Report on the financial statements, with particular reference to those matters reported as carrying risks of material misstatement. The Audit Committee discusses the range of possible treatments both with management and with the external auditor and satisfies itself that the judgements made by management are robust and should be supported.

Internal controls
The Board of Directors, advised by the Audit Committee, has overall responsibility for the Group's system of internal control and for reviewing its effectiveness. Details of the system of internal control, the principal risks facing the Group, and the strategies put in place to mitigate them, are set out in the Risk and Risk Management section on pages 52 to 60.

Audit independence
The Audit Committee and the Board place great emphasis on the objectivity of the external auditor in its reporting to shareholders.

The Audit Partner is present at Audit Committee meetings as required to ensure full communication of matters relating to the audit. The overall performance of the auditor is reviewed annually by the Audit Committee, taking into account the views of Committee members and senior finance personnel covering overall quality, independence and objectivity, business understanding, technical knowledge, quality and continuity of personnel, responsiveness and cost effectiveness. The Audit Committee also has discussions with the auditor, without management being present, on the adequacy of controls and on any judgemental areas. The scope of the forthcoming year's audit is discussed in advance by the Audit Committee. Audit fees are approved by the Audit Committee.

Governance

Haysmacintyre LLP was appointed as auditor for the year ending 31 December 2022. The Committee has concluded that Haysmacintyre LLP continues to provide an effective audit and the Committee and Board will recommend their reappointment at the 2023 Annual General Meeting.

Other than the audit, the Audit Committee is required to give prior approval of all work carried out by the auditor and its associates. Part of this review is to determine that other potential providers of the services have been adequately considered. These controls provide the Audit Committee with confidence in the independence of the auditor in its reporting on the audit of the Group.

Non-audit services

Haysmacintyre LLP provides non-audit services to the Group, which are governed, so as to safeguard its independence and objectivity, by the Group's non-audit services policy. Compliance with the policy is actively managed and an analysis of non-audit services is reviewed throughout the year. During the year ended 31 December 2022 Haysmacintyre LLP invoiced the Group £187,000 (net of VAT) for non-audit services in connection with the Group's IPO and admission to AIM in July 2022 and employment tax services (note 8 to the financial statements).

By Order of the Board

Mark Field

The Rt. Hon. Mark Field
Chairman of the Audit Committee
17 April 2023

Remuneration Committee report

Introduction
On behalf of the Board, I am pleased to present the Group's first Remuneration Committee report for the year ended 31 December 2022, which provides information about the Remuneration Committee, the remuneration policies approved and applied by the Board, and the actual remuneration of Directors earned during the year. The report is divided into two sections: a policy report, which sets out the approach to remuneration, and a remuneration report, which details amounts paid to the Directors during 2022.

Basis of preparation
This report follows the principles of the Companies Act 2006. The Directors have chosen to apply these principles as best practice and in order to provide greater transparency to shareholders. This includes details of the Committee's policy on Directors' remuneration.

Remuneration Committee
The Group's Remuneration Committee comprises:

- The Rt. Hon. Mark Field, Chairman of the Committee, Senior Independent Non-Executive Director; and
- Emma Hynes, Independent Non-Executive Director.

Both Committee members are Independent Non-Executive Directors and have no personal or financial interests in the matters considered by the Committee.

The Remuneration Committee operates within the remit delegated by the Board, which is set out in formal terms of reference. The remuneration of Non-Executive Directors is a matter for the Chairman and the other Executive members of the Board. No Director or manager is involved in any decision regarding their own remuneration. A copy of the terms of reference can be obtained from the Corporate Governance section within the Investors area of the Group's website (www.lifesafeholdingsplc.com).

Neither the Chairman nor any other Executive Director attend meetings other than by invitation of the Committee members. Directors are not present at any discussion of their own remuneration.

Remuneration philosophy
The Remuneration Committee's policy is to attract and retain individuals of the highest calibre by offering remuneration competitive with comparable publicly quoted companies, and to drive the Group's financial performance by providing arrangements which fairly and responsibly reward individuals for their contribution to the success of the Group. Performance-related bonuses and long-term equity-based remuneration linked to a demanding profit target represent a significant proportion of Executive Directors' potential remuneration, which aligns the interests of the individuals with those of the shareholders.

Governance

The Committee seeks to ensure that the remuneration of Executive Directors, as well as the wider senior management team, is sufficient to attract, retain and motivate quality individuals. The principal duties of the Remuneration Committee are to:

- consider and make recommendations to the Board on the policy for the remuneration package of the Executive Directors;
- determine the whole remuneration package for Senior Executives;
- recommend to the Board the remuneration package for the Chairman;
- determine the terms and conditions of service contracts for Senior Executives;
- determine the design, conditions and coverage of the annual long-term incentive schemes for Senior Executives and to approve total and individual payments under these schemes;
- determine targets for any annual and long-term incentive schemes;
- determine the issue and terms of all share-based plans available to all employees; and
- determine compensation in the event of termination of service contracts of any Senior Executive.

Remuneration policy framework
The Group is committed to achieving sustained improvements in performance. This depends crucially on the individual contributions made by the executive team and by employees at all levels. The Board believes that an effective remuneration strategy plays an essential part in the future success of the Group. Accordingly, the remuneration policy reflects the following broad principles:

- the remuneration of Executive Directors and senior managers reflects their responsibilities and contains incentives to deliver the Group's performance objectives without encouraging excessive risk taking;
- remuneration must be capable of attracting and retaining the individuals necessary for business success;
- remuneration should be based on both individual and Group performance, both in the short and long term;
- the system of remuneration should establish a close alignment of interest between senior executives and shareholders by ensuring a significant proportion of senior executive remuneration is generated from equity-based incentives; and
- when determining remuneration, the Committee will take into account pay and employment conditions in the market.

The Group has a clearly defined strategy to drive the business forward by understanding the product needs of our customers, focussing on product innovation and working to develop market-leading positions in each of the markets we serve. Our remuneration policy supports the delivery of this strategy and aligns the interests of Directors and shareholders. This is achieved through short-term profit-based bonus incentives and longer-term share-based incentive plans which focus on delivering key business objectives, profitable growth and strong shareholder returns.

The Committee monitors the market competitiveness of the overall remuneration package for each member of the Group's senior management team in order to ensure the Group is able to retain and attract new talent as required.

Shareholder views

The Committee has considered the guidance provided by shareholder advisory groups in preparing this policy and has followed this insofar as it is appropriate in the context of the Group's business. The Committee continues to welcome an open dialogue and input from shareholders on the remuneration policies of the Group.

Key considerations in 2022

Since its inception during the year, the Committee met twice and considered the following matters:

- approval of new service agreements for the Executive Directors and certain senior managers, appropriate for a company quoted on AIM;
- approval of the performance criteria and share option awards under the LifeSafe Share Option Plan;
- approval of pay review awards for 2023 for senior managers and Executive Directors; and
- approval of the 2023 discretionary bonus scheme for senior managers and Executive Directors.

The following tables set out the key elements of the Group's remuneration policy for Directors.

Remuneration policy for Non-Executive Directors

Element	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Fees	To reward individuals for fulfilling the relevant role and to attract individuals with the skills and calibre required	The Committee makes recommendations to the Board on the remuneration of the Non-Executive Directors. The level of remuneration is set within a limit approved from time to time by shareholders. Non-Executive Directors are paid a base fee covering Board and committee membership	Fees are set at a level appropriate for the role and are reviewed regularly, taking into account fees payable to Non-Executive Directors of companies of a similar size and complexity	Evaluation of overall contribution to the Board

Remuneration policy for Executive Directors

Element	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Salary	It is essential that the Group pays competitive salaries to attract	Salary levels are set using careful judgement, taking into account the scope of the role and responsibilities, performance, experience, potential, retention issues and	Annual salary increases will not normally exceed average increases for employees in other parts of the Group. On occasion, increases may	Overall contribution to the Group. Individual performance is the primary

Governance

Element	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
	and retain individuals of the right calibre to develop and execute the business strategy	salaries elsewhere in the Group and in the marketplace. Judgement will be informed, but not led, by reference to companies of similar size and complexity. Salaries are reviewed annually in December taking into account the financial performance of the Group. Salary increases are not automatic. In exceptional circumstances, salaries may be increased on other dates in the year	be larger where the Committee considers this to be necessary to align with market rate or exceptional performance. Circumstances where this may apply include: growth into a role to reflect a change in scope of role and responsibilities or where market conditions indicate lack of competitiveness and the Committee judges that there is a risk in relation to attracting or retaining Executives. Where the Committee exercises its discretion to award increases above the average for other employees, the resulting salary will not exceed the competitive market range	consideration in setting salary alongside overall affordability and market competitiveness
Benefits	To provide market competitive benefits sufficient to recruit and retain	Benefits include life assurance and medical insurance	Benefits will be market competitive taking into account the role and the local market	None
Pension	To provide market competitive pension arrangements sufficient to recruit and retain	New Executive Directors of the Company are offered membership of the Group's defined contribution pension plan. Pension contributions are based only on an individual's salary	The maximum employer contribution to the Group's defined contribution pension arrangements is 3% of gross salary	None

Governance

Element	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Annual performance-related bonus	To incentivise and reward execution of the business strategy, delivery of financial performance targets and the Group's strategic plan	In line with the scheme covering other senior members of staff, performance-related bonuses for the Executive Directors are based on the achievement of specific financial targets for the Group and agreed personal objectives	Bonus potential is capped at an appropriate level to encourage outperformance of budgeted targets	Bonus payments are at the discretion of the Remuneration Committee and take into account the overall financial performance of the Group

Details of the Directors' emoluments are given below.

a) Remuneration

	Salary, fees and car allowances £000	Benefits £000	Bonuses[1] £000	Pension[2] £000	**2022 Total £000**	2021 Total £000
Executive Directors						
DPC Berger	70	2	30	-	**102**	-
NC Smith	231	1	35	6	**273**	58
MJ Stilwell (appointed 27/1/2022)	170	-	35	12	**217**	-
Non-Executive Directors						
The Rt. Hon. MC Field (appointed 1/4/2022)	27	-	-	-	**27**	-
EE Hynes (appointed 1/4/2022)	27	-	-	-	**27**	-
Total	525	3	100	18	**646**	58

1. Bonuses relate to work undertaken in listing the Company on AIM during 2022.
2. Pension payments relate to contributions to defined contribution pension schemes.

Governance

b) Share schemes

Directors' interests in unvested and vested share option awards

	Number of awards over shares at 1 January 2022	Awards granted in the year	Awards lapsed or surrendered in the year	Awards exercised in the year	Number of awards over shares at 31 December 2022	Expiry date	Exercise price (pence)
Sept 2021							
DPC Berger	162,100	-	-	-	162,100	30/9/2031	48.12
NC Smith	623,750	-	-	-	623,750	30/9/2031	48.12
Oct 2021							
DPC Berger	147,500	-	(147,500)	-	-	10/10/2031	16.00
NC Smith	623,750	-	(623,750)	-	-	10/10/2031	16.00
MJ Stilwell	150,000	-	(150,000)	-	-	10/10/2031	16.00
Mar 2022							
DPC Berger	-	147,500	-	-	147,500	29/3/2032	16.00
NC Smith	-	623,750	-	-	623,750	29/3/2032	16.00
MJ Stilwell	-	150,000	-	-	150,000	29/3/2032	16.00
July 2022							
DPC Berger	-	194,550	-	-	194,550	26/7/2032	75.00
NC Smith	-	974,965	(974,965)	-	-	26/7/2032	75.00
MJ Stilwell	-	391,312	-	-	391,312	26/7/2032	75.00
Oct 2022							
NC Smith	-	974,965	-	-	974,965	26/7/2032	75.00

Further information on the Group's share schemes is given in note 26 of the financial statements.

c) Service contracts

There are no service contracts for Directors with notice periods in excess of twelve months. The notice periods under the service agreements for Executive Directors and letters of appointment for Non-Executive Directors are as follows:

	Notice period
DPC Berger	6 months
The Rt. Hon MC Field	3 months
EE Hynes	3 months
NC Smith	12 months
MJ Stilwell	6 months

Policy on exit payments
The notice periods the Group is required to give to Executive Directors under their contracts of employment is as set out above. Payment in lieu of notice includes the value of salary in the notice period, benefits, car allowance and pension contributions. Both mitigation and the staggering of payments through the notice period will be considered by the Committee where appropriate, as will the funding of professional fees. Should additional compensation matters arise, such as a settlement or compromise agreement, the Committee would exercise judgement and take into account the specific commercial circumstances.

The Committee has the discretion to preserve incentive awards pro-rated to service. In exercising its discretion on incentive awards, the Committee will have regard to performance, the circumstances of the Director leaving the Group and the terms of the relevant service agreement.

For share options, the rules state that unvested awards may be preserved at the Committee's discretion according to the circumstances. In such cases, vesting will be at the normal date, subject to the established performance conditions, and pro-rata to the duration of employment in the performance period. In cases such as death and terminal illness, the Committee also has the discretion to vest the awards immediately.

In the event of a change of control of the Group, all share option awards may be permitted to vest in full at the discretion of the Remuneration Committee.

Policy on new appointments
Newly appointed Executive Directors will be awarded a remuneration package which is consistent with the policy and principles as set out in this report. Base salary may be set at a level higher or lower than previous incumbents and in certain circumstances, to facilitate the recruitment of individuals of the required calibre, the Committee may use its discretion to make individual additional incentive awards. This level of discretion is considered appropriate given the Group's growth strategy.

By Order of the Board

Mark Field

The Rt. Hon. Mark Field
Chairman of the Remuneration Committee
17 April 2023

Statutory Directors' report

The following matters are reported by the Directors in accordance with the Companies Act 2006 requirements in force at the date of this Annual Report.

Principal activities
The principal activities of LifeSafe Holdings plc (the 'Company') and its subsidiary company (the 'Group') are set out within the Statutory Strategic Report, which comprises the Executive Chairman's Statement, the Strategic Review, the Performance Review, the Section 172 Companies Act Statement and the Risks and Risk Management section, on pages 6 to 18, and pages 48 to 60.

Review of business and future developments
The consolidated income statement for the year ended 31 December 2022 is set out on page 70.

A review of the Group's business activities during the year and its prospects for the future can be found in the Executive Chairman's Statement, the Strategic Review and the Performance Review on pages 6 to 18. These reports, together with the Chairman's Introduction, the Corporate Governance Report, the Audit Committee Report and the Remuneration Committee Report, are incorporated into this report and should be read as part of this report.

Section 172 Companies Act statement
A statement describing how the Directors have had regard to the matters set out in section 172(1)(a) to (f) of the Companies Act 2006 is included on page 48. This forms the Directors' statement required under section 414CZA of The Companies Act 2006.

Key performance indicators
The Board's principal objective is to increase shareholder value. The Directors measure the Group's progress in achieving this objective principally using the following indicators (as reflected in this Annual Report):

- **Sales performance.** Sales are reviewed each week to assess performance against budget and to ensure all sales opportunities are being appropriately pursued. For the year to 31 December 2022, the Group's revenue increased significantly to £4.0 million (2021: £0.7 million).

- **Gross margin percentage.** Gross margins are reviewed each month to ensure actual performance is in line with that expected and to identify areas to improve the profitability of the Group. For the year to 31 December 2022, the gross margin percentage improved to 57.0% (2021: 46.6%).

- **Operating result.** The fixed costs of the business are carefully managed to ensure that, in conjunction with the gross profit generated, the Group can return an acceptable operating result. For the year to 31 December 2022, the operating loss (which includes non-underlying items) increased to £2.8 million (2021: loss of £1.5 million).

- **Underlying operating result.** The operating performance of the Group before the impact of non-underlying items is monitored to better understand the underlying trends in operating results. For the year to 31 December 2022, the underlying operating loss was £1.4 million (2021: loss of £1.4 million).

- **Underlying EBITDA.** The underlying cash generation of the business is measured through operational cash flows represented by underlying EBITDA. For the year to 31 December 2022, the underlying LBITDA was £1.3 million (2021: underlying LBITDA of £1.3 million).

- **Investment in research and development.** The Group's principal source of product differentiation is through investment in its technology base, rather than simply price. The Board regularly reviews the Group's product roadmap to ensure its internal investment is focussed on the right areas and that products come to market on time. For the year to 31 December 2022, the capitalised product development spend was £0.4 million (2021: £0.1 million).

Commentary on the key performance indicators above is set out in the Performance Review on pages 12 to 18.

Principal risks and uncertainties
Details of the principal risks and uncertainties considered by the Board to affect the Group, and the related risk mitigation actions, are given on pages 52 to 60.

Group results and dividends
The financial results for the year and financial position of the Group and the Company are as shown on pages 70 and 72. The consolidated loss after tax for the year was £2.8 million (2021: loss after tax of £1.5 million).

As a result of the expected loss reported for the year in the Group's growth phase, and consistent with the decision not to pay an interim dividend (2021: nil pence per share), the Directors do not recommend payment of a final dividend for the year (2021: nil pence per share). The total dividend payable for 2022 was therefore nil pence per share (2021: nil pence per share).

Financial instruments
The Group's financial risk management objectives and policies, including the policy for hedging future foreign exchange rate risk, are outlined in note 30 to the financial statements. The Group does not adopt hedge accounting.

Research and development expenditure
The Group has continued to invest in research and development of its products during the year. The people and non-people costs of product development on specific identifiable projects are capitalised in accordance with the accounting policy set out on page 88. General research costs undertaken in respect of the Group's principal activities are charged through the income statement as incurred.

Share capital and voting rights
The Company's issued share capital comprises a single class of ordinary shares of 1p each, with 22,108,050 shares in issue and listed on AIM of the London Stock Exchange as at 31 December 2022. No shares were held in treasury. Details of movements in the issued share capital can be found in note 25 to the financial statements.

Each share carries the right to one vote at general meetings of the Company. Holders of the shares are entitled to receive the Company's annual report. They are also entitled to attend and speak at general meetings of the Company, to appoint one or more proxies or, if they are corporations, corporate representatives, and to exercise voting rights. They have the right to ask questions at the Annual General Meeting relating to the business of the meeting and for these to be answered, unless such answer would interfere unduly with the business of the meeting, involve the disclosure of confidential information, if the answer has already been published on the Group's website or if it is not in the interests of the Group or the good order of the meeting that the question be answered.

All issued shares are fully paid up and carry no additional obligations or special rights. The full rights are set out in the Company's Articles of Association (the 'Articles'), the latest copy of which can be found in the 'Company Information' section of the 'Investors' area of the Group's website at www.lifesafeholdingsplc.com. There are no restrictions on transfers of shares in the Company, or on the exercise of voting rights attached to them, other than those which may from time to time be applicable under existing laws and regulations.

Control and share structure
Details of the authorised and issued share capital, together with details of the movements in the Company's issued share capital during the year, are shown in note 25 to the financial statements. The Company has one class of ordinary share which carries no right to fixed income.

There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles and prevailing legislation. The Directors are not aware of any agreements between shareholders of the Company's shares that may result in restrictions on the transfer of securities or voting rights other than the lock-in agreements on share sales entered into by certain convertible loan note holders and shareholders (including certain Directors) as detailed in the Company's AIM Admission Document released in July 2022, a copy of which is available on the Company's website.

Details of employee share schemes are set out in note 26 to the financial statements. No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

Directors' interests in shares

Interests of the Directors and their connected persons in the issued share capital of the Company as at 31 December 2022 were as follows:

	Number of shares held	Interests in share schemes	**Total interests in shares**
DPC Berger	881,732	504,150	**1,385,882**
The Rt. Hon MC Field	-	-	**-**
EE Hynes	-	-	**-**
NC Smith	213,600	2,222,465	**2,436,065**
MJ Stilwell	25,800	541,312	**567,112**
	1,121,132	3,267,927	**4,389,059**

Since 31 December 2022 to 17 April 2023, Dominic Berger acquired an additional 22,600 shares, taking the number of shares held by him and his connected persons in the Company to 904,332, and Neil Smith and his connected persons disposed of 50,260 shares, taking the number of shares held in the Company by him and his connected persons to 163,340.

Significant shareholdings

As at the close of the market on 14 April 2023, the Company was aware of the following holdings, excluding Directors' holdings, of 3% or more of the Company's total issued share capital:

	Number of shares	% of total voting rights	Nature of interest
Gavin Cornelius[1]	1,892,500	8.6	Direct
Premium Nominees Limited	1,632,555	7.4	Indirect
Mr and Mrs Dipesh Subba[1]	1,563,950	7.1	Indirect
Intrinsic Capital LLP	1,547,333	7.0	Direct
Meridian Capital International Fund	1,136,750	5.1	Indirect
Lee Ashwood	1,123,500	5.1	Direct
EA-RS Firescape Limited	1,041,650	4.7	Direct
Premier Fund Managers Limited	986,472	4.5	Indirect
Kerem Akbas	936,750	4.2	Direct

1. Gavin Cornelius and Dipesh Subba are directors of LifeSafe Technologies Limited.

Agreements affected by change of control

Other than some customer and supplier contracts that have an option to be terminated, the Company is not a party to any agreements which take effect, alter or terminate upon a change of control of the Company following a takeover bid. There are no agreements between the Company and its Directors or employees providing compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) that occurs because of a takeover bid.

Governance

Board of Directors
All Directors were in office throughout the year ended 31 December 2022 with the exception of the following appointments and resignations during the year:

- Alan Brading (resigned 22 February 2022)
- Gavin Cornelius (resigned 22 February 2022)
- The Right Honourable Mark Field (appointed 1 April 2022)
- Emma Hynes (appointed 1 April 2022)
- Paul Jameson (resigned 22 February 2022)
- Oliver Sheehan (resigned 22 February 2022)
- Mike Stilwell (appointed 27 January 2022)
- Dipesh Subba (resigned 22 February 2022)

Details and biographies of the current Directors and Company Secretary are shown on pages 19 and 20.

The powers of the Company's Directors and rules that apply to changes in the Directors are set out in the Company's Articles. Any changes to the Articles would require the consent of the Company's shareholders.

The Board may delegate to a Director holding any executive office any of the powers, authorities and discretions exercisable by the Board for such time and on such terms and conditions as it thinks fit. The Board may revoke or alter the terms and conditions of the delegation and may retain or exclude the right of the Board to exercise the delegated powers, authorities or discretions collaterally with the Executive Director.

The Company's Articles require that any Director who:

- has been appointed by the Board since the previous annual general meeting; or
- for whom it is the third annual general meeting following the annual general meeting or general meeting at which he or she was elected or last re-elected

shall retire from office but shall be eligible for re-appointment. At the forthcoming Annual General Meeting, as newly appointed directors, all Directors will be subject to election being the first Annual General Meeting since they were appointed.

The Company's shareholders may by ordinary resolution appoint any person to be a Director. The Company must not have less than two directors holding office at any time. There is no maximum number of directors holding office. The Company may by ordinary resolution from time to time vary the minimum and/or the maximum number of directors.

Conflicts of interest

The Group has procedures in place for managing conflicts of interests. If a Director becomes aware that they, or a connected party, have an interest in an existing or proposed transaction with the Group, they should notify the Company Secretary as soon as possible. Directors have a continuing obligation to update any changes to conflicts and the Board formally reviews any such conflicts periodically.

Directors' and officers' liability insurance

The Group maintains a management protection policy including directors' and officers' liability insurance which is reviewed annually. The insurance covers the Directors and officers of the ultimate holding company of the Group, LifeSafe Holdings plc, and its subsidiary, against the costs of defending themselves in civil proceedings taken against them in their capacity as a director or officer of a Group company and in respect of damages or civil fines or penalties resulting from the unsuccessful defence of any proceedings. The indemnity was in force throughout the financial year and is currently in force.

No indemnity is provided for the Group's auditor.

Employment policies

Details of the Group's policy in respect of employment and training are given in the Corporate social responsibility section on page 11.

The Group employed an average of 9 people in 2022 (2021: 5).

The Group has established employment policies that comply with current legislation and codes of practice, including in the areas of health and safety and equal opportunities. The Group consults employees on developments and changes to take account of their views when making decisions that may impact their interests.

The Group has in place a Diversity and Equality Policy which sets out its approach to equal opportunities and avoidance of discrimination at work. This policy confirms the Group's commitment to treating employees fairly and inclusively, ensuring that all decisions on recruitment, selection, training, promotion, career opportunities, pay and other terms and conditions are based solely on objective and job-related criteria. The Group is committed to offering employment to suitably qualified people with disabilities and making reasonable adjustments to the working environment to accommodate their needs.

Policy on payment of suppliers

The Group's policy during the year was to pay suppliers in accordance with agreed terms. At 31 December 2022, the Group had 40 days' purchases outstanding in trade payables (2021: 37 days').

Charitable contributions

The Group made charitable contributions amounting to £nil in this and the preceding year.

Going concern
In determining whether the Group and Parent Company's financial statements can be prepared on a going concern basis, the Directors considered the Group's business activities, together with the factors likely to affect its future development, performance and position. The review also included the financial position of the Group, its cash flows, and borrowing facilities, including the £250,000 invoice finance facility entered into on 21 March 2023 (note 33).

A number of downside sensitised scenarios were modelled and considered to create a range of possible outcomes, the assumptions behind which were robustly challenged.

The sensitised cash flow forecast based on these scenarios demonstrated that the Group would be able to pay its debts as they fell due for a period of at least twelve months from the date of these financial statements. The Directors are, therefore, satisfied that the financial statements should be prepared on the going concern basis.

Annual General Meeting
The notice convening the Annual General Meeting is distributed separately to shareholders at least 20 working days before the meeting. Separate Resolutions are proposed on each substantially separate issue. Details of the resolutions passed at the 2023 Annual General Meeting will be made available on the Company's website after the meeting.

Post balance sheet events
Information on any events occurring after the balance sheet year end is described in note 33 to the financial statements.

Auditor
Haysmacintyre LLP has indicated its willingness to continue in office and a resolution that it be reappointed as auditor will be proposed at the forthcoming Annual General Meeting.

Statement as to disclosure of information to the auditor
The Directors who were in office on the date of approval of these financial statements have confirmed, that as far as they are aware, there is no relevant audit information of which the Company's auditor is unaware.

Each Director has confirmed that they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the Company's auditor.

Forward-looking statements
This report may contain certain statements about the future outlook for LifeSafe Holdings plc. Although the Directors believe their expectations are based on reasonable assumptions, any statements about future outlook may be influenced by factors that could cause actual outcomes and results to be materially different.

Statutory Strategic Report

The Statutory Strategic Report comprises the Executive Chairman's Statement, the Strategic Review, the Performance Review, the Section 172 Companies Act Statement and the Risks and Risk Management section, on pages 6 to 18 and pages 48 to 60.

The Statutory Strategic Report and the Directors' Report have been approved by the Board.

By Order of the Board

Alan Brading
Company Secretary
17 April 2023

Section 172 Companies Act statement

The following disclosure describes how the Directors have had regard to the matters set out in section 172(1)(a) to (f) and forms the Directors' statement required under section 414CZA of The Companies Act 2006.

Who was engaged? *Stakeholder group*	**Why were they engaged?** *Why it is important to engage*	**How were they engaged?** *How management and/or Directors engaged*	**What was discussed and what were the outcomes and actions?** *What were the key topics of engagement, what feedback and input did the Board/management obtain, and what were the outcomes and actions?*
Investors The Company's major shareholders are set out on page 43 of the Statutory Directors' Report.	The Board believes it is important to have open communications with shareholders to ensure there is an active and liquid market for the Company's shares and continued access to capital to ensure the long-term success of the business. Through its engagement activities the Board seeks to: • broaden the investor base to encourage long-term support and increased liquidity in the market for the Company's shares • obtain investor buy-in into the Group's strategic objectives and how they are executed	The Board's approach to investor engagement is detailed in the Corporate Governance Report on page 29. Key interactions included through: • Meetings with major institutional investors as part of the IPO and interim results roadshows • Private investor seminars • One-to-one investor meetings with the Executive Chairman • Presentations to existing and prospective investors through the Investor Meet Company electronic platform • The Annual General Meeting	The Directors regularly engage with investors through the cycle of presentations linked to results announcements during which the topics of strategy, governance and performance are discussed. In addition to this, specific matters on which the Board engaged and the outcomes and actions that followed, included: • IPO in July 2022: certain major new and existing shareholders were consulted as to their appetite for participating in an IPO, the outcome of which was admission to AIM in July 2022 • Board changes: feedback and input was provided around an appropriate board structure for a listed business which informed the board changes detailed in the Statutory Directors' Report • Long-Term Incentive Plan considerations: feedback and input around the structure and performance criteria of

Governance

Who was engaged? *Stakeholder group*	**Why were they engaged?** *Why it is important to engage*	**How were they engaged?** *How management and/or Directors engaged*	**What was discussed and what were the outcomes and actions?** *What were the key topics of engagement, what feedback and input did the Board/management obtain, and what were the outcomes and actions?*
			the scheme was provided by certain major shareholders and incorporated within the scheme rules and awards
Lenders Prior to the IPO, the Group's funding options were limited to certain lenders and instruments.	Prior to equity funding secured through the IPO, the Group obtained funding through the issue of convertible loan notes to individuals and institutions. To secure this funding, the Group needed to demonstrate the future viability of the business to ensure that debt finance was available on acceptable terms.	Key interactions included through: • Presentation of the Group's progress and budget to secure funding through the demonstration of continued growth and acceptable use of funds • Negotiation and agreement of terms for issuance of the convertible loan notes • Negotiation and agreement of lock-in terms to ensure that IPO funding was maximised by setting a minimum period within which the loan note holders would not sell their newly converted equity	• The Group raised funds on acceptable terms through the issuance of convertible loan notes to a number of new and existing lenders in advance of the IPO • The convertible loan note holders agreed to be 'locked-in' to not sell shares for a certain period after the IPO, giving confidence to new investors and ensuring that sufficient funds were raised on IPO
Suppliers The Group has a limited number of suppliers who manufacture products designed by the Group.	With all its production and filling outsourced, the performance of the Group's suppliers is crucial to the continued success of the business. In some cases production of the Group's products represents a small proportion of the supplier's total output. It is therefore	Key interactions included through: • The sharing of production forecasts • Regular ongoing internal and external quality audits at suppliers' production facilities • Presentation of strategic and product roadmaps	• Improvements to production yields through the feedback of quality reviews • Sharing strategic plans and product roadmaps during the year enabled suppliers to build future capacity requirements into their longer-term decision-making, ensuring that the Group's future plans can be accommodated by the current supplier relationships

Who was engaged? *Stakeholder group*	**Why were they engaged?** *Why it is important to engage*	**How were they engaged?** *How management and/or Directors engaged*	**What was discussed and what were the outcomes and actions?** *What were the key topics of engagement, what feedback and input did the Board/management obtain, and what were the outcomes and actions?*
	vital that the Group engages with these suppliers to ensure the continuity of supply in the longer term.	• Visits to prospective new suppliers to ensure that sufficient capacity was available, and quality embedded in processes, to address the Group's production requirements	• Securing a new production and filling partner in Europe
Workforce The Group employs a small number of staff with key managerial and technical skills.	The contribution of the Group's dedicated staff and management team is critical to the Group's success. Should the Group be unable to attract new employees, or retain existing staff, this could have a material adverse effect on the Group's ability to grow or maintain its business.	The Group's approach to workforce engagement is detailed in the Corporate social responsibility section of the Strategic Review report on page 11. Key interactions included through: • Weekly reviews of operational and financial performance with all members of staff • Offsite away day at which the Group's strategic objectives and budget for 2023 were presented to the senior management team in November 2022	• Weekly reviews of Group performance allow all members of staff to understand and contribute to the day-to-day challenges faced by the business. Contributions have included amendments to production scheduling and product testing timelines in line with when products are required to be delivered to fulfilment centres, the involvement of customers in product demonstrations and suggestions around streamlining administrative processes and procedures • Employee engagement in product roadmap discussions has helped focus and refine development plans towards current and emerging customer demand
Customers Consumers in the Group's retail, industrial and wholesale sales channels have very	Continued demand for the Group's current products is vital to ensure sufficient volumes are sold to generate enough gross	Key interactions included through: • Participation in existing product test and demonstration events	• Customer feedback as to new fluid requirements informed the Group's decisions around fluid composition and the direction of its product development path

Who was engaged? *Stakeholder group*	**Why were they engaged?** *Why it is important to engage*	**How were they engaged?** *How management and/or Directors engaged*	**What was discussed and what were the outcomes and actions?** *What were the key topics of engagement, what feedback and input did the Board/management obtain, and what were the outcomes and actions?*
different requirements.	profit to cover the Group's overhead base. Customer support for products in its development roadmap is essential to ensure that demand will exist to generate sufficient gross profit to justify the product development investment made in the product.	• Contributions to, and evaluation of, the development of the Group's new fluids through testing and evaluation events	• Customer feedback around demand levels at various pricing points informed the Group's decisions around the pricing of its bundled product offerings

Principal decisions

Principal decisions are defined as those material to both the Group and any of its key stakeholder groups. In making the following principal decisions the Board considered the outcome from its stakeholder engagement as well as the need to maintain a reputation for high standards of business conduct and the need to act fairly between the members of the Company:

Principal decision 1: IPO and admission to AIM in July 2022

In July 2022, the Board concluded that it was in the best interests of the Company, and was most likely to promote its success, for it to raise £3.0 million (before expenses) by offering a proportion of its shares for acquisition through an Initial Public Offering ('IPO') on admission to AIM. In particular, the Board considered its engagement with major shareholders and broker in assessing the quantum and method of fundraising. Further details of the IPO are given in note 6 to the financial statements.

Principal decision 2: implementation of LTIP in July 2022

In conjunction with the IPO, in July 2022 the Board put in place a LTIP designed to incentivise all employees based on growth in total shareholder return over a three-year period. In designing the scheme, the Board was keen to align the interests of employees and shareholders in terms of growth and risk. The Board consulted with its broker and employees in setting the performance criteria, and informed investors ahead of the IPO through disclosures in its AIM Admission Document.

Alan Brading
Company Secretary
17 April 2023

Risks and risk management

Like every business, the Group faces risks undertaking its day-to-day operations and in pursuit of its longer-term objectives.

Further information on those risks and how they are managed by the Group is set out in the following pages. It is recognised that the Group is exposed to a number of risks wider than those identified here. Set out below are those risks of most concern to the Board and shared with prospective investors in the Admission Document published as part of the IPO in July 2022. It is recognised, however, that no risk management strategy can provide absolute assurance against loss.

Since the IPO in July 2022, the Board has been working to put in place a risk management process for identifying, assessing, evaluating and managing significant risks whereby the Executive Directors, in conjunction with the Board and Audit Committee, seek to identify, assess and manage risk.

The Chairman of the Board has overall responsibility for the establishment and oversight of the Group's risk management framework. His role is to set the tone and influence the culture of risk management within the Group, determine the Group's risk prioritisation and monitor and manage the fundamental risks which the business faces through clear delegation of responsibility to each member of the senior management team.

All the Executive Directors are responsible for identifying, evaluating and mitigating risk in a timely manner, ensuring that there is an open and receptive approach to solving risk problems in the Group, embedding risk management as part of the system of internal controls within the Group and regularly updating the Board on the status of risks and controls where significant issues are identified.

Significant risks, which are defined with reference to magnitude of impact and likelihood of occurrence, are escalated to the Executive Chairman and Chief Executive Officer and, if appropriate, formally reviewed by the Board to assess the potential financial impact on the Group and to determine the optimum course of action to address these risks.

Further information around the Group's management of risk is detailed in the Corporate Governance report from page 21.

The Audit Committee advises the Board of Directors on matters of risk management. It has its own report, which can be read on pages 30 and 32.

The principal risks facing the Group, and the strategies put in place to mitigate them, are described in the following table.

	Risk Factors that may impact the business	**Mitigation** What we are doing to minimise the risk
Early stage of operations	The Group has a relatively limited operating history on which to assess its business with commercialisation of the product commencing in late 2021. The Group has incurred losses since incorporation due to the developmental phase of its products. Consequently, the Board has a limited commercial history upon which to evaluate the business. Predictions about the Group's future success or viability may not be as accurate as they could be if it had a longer history of successfully selling its products at scale. The Group most recently secured funding through IPO in July 2022. The amount of its future net losses, until volumes are sufficient for gross profit to cover the overhead base, will be significantly influenced by the level of revenues generated from its products. The level of losses incurred by the Group will also depend, in part, on the rate of its future expenditures and its ability to obtain funding through equity or debt financings.	The Board closely monitors the current and forecast trading position of the business and the implications for the Group's cash flow. Sales growth during 2022 significantly exceeded the Board's expectations with current forecasts for 2023 indicating that the Group will become profitable on a monthly basis in the final months of 2023. During 2023 the Group secured a £250,000 supplier invoice funding facility as a contingency measure to ensure that it has sufficient cash available to pay its operating costs in the event that its sales forecasts are not met.
Dependence on manufacturers, suppliers and service providers	The Group does not carry out its own manufacturing or fulfilment activities. Instead, it has a limited number of manufacturers, suppliers and service providers involved in the production and shipping of its products. Accordingly, the Group is heavily dependent on the capacity of these manufacturers, suppliers and service providers, which the Board believes to be sufficient, however, this is not guaranteed. In the event that capacity is not sufficient, there may be delays to the Group's revenue whilst capacity is expanded or an additional manufacturer, supplier or service provider is sought. Moreover, the Group may be exposed to changes in the pricing of these companies. This could have an adverse impact on the Group's profit margins or force it to increase its selling price, both of which may have a material adverse effect on the Group's business, results of operations, financial condition and prospects.	The Group's supply chain team works closely with its manufacturing partners to ensure that forecast volumes are communicated well in advance of delivery requirements. These forecasts are updated frequently to ensure they reflect the Group's current view of sales demand and to give suppliers sufficient visibility of demand to ensure the Group's requirements are built into future production schedules. The supply chain team regularly visit the Group's manufacturing partners to build and maintain relationships, discuss any operational issues and jointly share strategic plans to ensure the long term success of the partnership. Where possible, prices are fixed in advance to ensure that the Group can set sales prices

	Risk Factors that may impact the business	**Mitigation** What we are doing to minimise the risk
		in the medium term to maintain or grow its margin in line with production costs.
Product development	Although the Group has successfully completed the development of several products, continued development of additional products will be required. There can be no assurance that any of the Group's future product candidates will be successfully developed or commercialised. The Group may encounter delays and incur additional development and production costs and expenses, over and above those expected by the Board, in order to develop products of sufficient quality and at low enough cost. Furthermore, there can be no assurance that any of the Group's future products will successfully complete any applicable regulatory certification or testing process or that they will meet the regulatory and production requirements necessary for commercial distribution. If the Group's development programme is curtailed due to any of the above issues, this may have a material adverse effect on the Group's business, results of operations, financial condition and prospects. Any failure to anticipate technological changes, to develop, use or procure new technologies, or to react to changes in existing technologies could materially delay the Group's development of new products or enhancements, which could result in product obsolescence, loss of revenue opportunities, and customer migration, and may have a material adverse effect on the Group's business, results of operations, financial condition and prospects.	The Group's product development roadmap is built on a solid platform of evidenced consumer demand and industry requirements. In developing its new fluids for the industrial market, the Group is partnering with major industry players in the design and application of fluids to address their specific needs. The Group's technical development team works closely with its manufacturing partners in the design and refinement of fluid recipes to optimise the speed and efficiency of the development process. They engage with the Group's intellectual property attorneys at an early stage in the product development process to ensure that appropriate steps are taken to protect the Group's innovation. The Group closely monitors the product offerings of its competitors to ensure that its development programme is reacting to appropriately maintain LifeSafe's competitive position.
Reliance on licences	The Group has two licences for the use of certain technologies used in connection with a material part of its business. The Group's business is dependent on its ability to retain these licences. The failure or inability to retain the licence rights may have a material adverse effect on the Group's business, results of operations, financial condition and prospects.	The Group's supply chain team works closely with its manufacturing partners to maintain the strong working relationship between the companies. With volumes growing significantly due to increasing demand, both the Group and its manufacturing partners are benefiting from the licence arrangements. The Board has

	Risk Factors that may impact the business	**Mitigation** What we are doing to minimise the risk
		every expectation that the licence arrangements will continue to be renewed in the foreseeable future.
Intellectual property know-how	The success of the Group and its ability to compete effectively with other companies partly depends upon its ability to protect its intellectual property in its key geographic markets and exploitation of its products in these markets. The Group relies on contractual arrangements or claimed entitlements to its invention rights by virtue of section 7(4) and section 39(1) of the Patents Act 1977. In addition, there can be no assurance that third parties will not secure priority intellectual property rights protection that impacts the Group's freedom to operate and/or technology development, or is otherwise material to any of the Group's existing or future product development or commercial programmes. This may have a material adverse effect on the Group's business, results of operations, financial condition and prospects. There can be no assurance that the Group's pending patent applications or future patent rights will afford adequate protection to the Group against unauthorised use of its products by others or that others may have or obtain rights that may prevent or impede the exploitation of the Group's intellectual property. Furthermore, there can be no assurance that the patent applications that the Group has made, but which are pending, or which the Group will make, will be granted or that intellectual property rights of the Group will not be successfully challenged. This may have a material adverse effect on the Group's business, results of operations, financial condition and prospects.	The Group recognises the importance of identifying, capturing and appropriately protecting intellectual property that arises out of its innovation. It retains a qualified UK and European Patent Attorney, who advises management on intellectual property matters, and an intellectual property law firm, Mewburn Ellis LLP, which acts in the filing of patent and trademark applications and other related matters. The Group's general approach to intellectual property protection for its technical innovations is to apply for patent protection where, in the Board's opinion, the commercial benefit justifies the costs, and to use trade secrets where confidentiality can be maintained and patents are not possible or disclosure in a patent application is commercially undesirable. Registered trademark protection is used to preserve the value in the Group's key brands as well as to help protect brand-related reputation and retain control over the brands when used by distributors of the Group's products.
Intellectual property	There is a risk that the Group may unknowingly infringe the proprietary rights of third parties. Others might have been the first to make the inventions covered by each of	The Board recognises the importance of protecting its intellectual property and rigorously guards its innovation. The Group

	Risk Factors that may impact the business	**Mitigation** What we are doing to minimise the risk
infringement risks	the Group's pending patent applications and might have been the first to file patent applications for inventions. In addition, because the patent application process can take several years to complete, there may be currently pending applications, unknown to the Group, that may later result in issued patents that cover the production, manufacture, commercialisation or use of products. The Group may become subject to lawsuits in which it is alleged that the Group has infringed the intellectual property rights of others or commence lawsuits against others who the Group believes are infringing its rights. Defending the Group against third party claims, including litigation in particular, would be costly and time consuming and would divert management's attention from the Group's business, which could lead to delays in product development or commercialisation efforts. If third parties are successful in their claims, the Group might have to pay substantial damages or take other actions that are adverse to the Group's business. This may have a material adverse effect on the Group's business, results of operations, financial condition and prospects.	employs an intellectual property attorney to protect its interests and has intellectual property defence and pursuit insurance to protect its investment. Notwithstanding this, any failure to protect or successfully defend the Group's intellectual property may result in another party copying or otherwise obtaining and using its proprietary technology or other intellectual property without authorisation. There may not be adequate protection for the intellectual property in every country in which the Group's products are sold and policing unauthorised use of proprietary information is difficult and expensive. The Group cannot guarantee that it will be able to detect and prevent infringement of its intellectual property but would vigorously defend its intellectual property if it believed it was being infringed. Any misappropriation of the Group's intellectual property could have a material adverse impact on the Group's business and its operating results. Furthermore, the Group may need to take legal action to enforce its intellectual property, to protect trade secrets or to determine the validity or scope of the proprietary rights of others which may result in substantial costs and the diversion of resources and management attention and there can be no guarantee as to the outcome of any such litigation.
Dependence on strategic partner arrangements	The Group has entered into and intends to enter into further strategic partnering and distribution arrangements with third parties. Partnering or distribution arrangements may place the marketing or distribution of product programmes outside the Group's control, may require it to	The Group has contracts with most of its major strategic partners and distributors. Many of these relationships are well established, having been put in place during

	Risk Factors that may impact the business	**Mitigation** What we are doing to minimise the risk
	relinquish important rights or may otherwise be on terms unfavourable to it. The Group may be unable to locate, and enter into favourable agreements with suitable third parties, which could delay or impair its ability to develop and commercialise products and could increase its costs of development and commercialisation.	the development phase of the Group's core fluid. The Group ensures that the contractual relationships with other parties are fair and commercially beneficial for both parties and monitors outstanding credit balances owed by customers and distributors to minimise potential bad debt risk for the Group.
The Group faces competition in a rapidly evolving market	Although the Board believes that significant barriers to entry exist in the markets in which the Group operates, including for example its intellectual property, exclusive supply arrangements and the technical skill and expertise required to produce its products, the Group may face an increasing amount of competition. Competitors may seek to develop products which more successfully compete with the Group's current products. This may have a material adverse effect on the Group's business, results of operations, financial condition and prospects.	The Group closely monitors competitors' offerings and regularly reviews competitor products. The Group's continued investment in new products and technology provides a barrier to new entrants in the market. The Group, in part to mitigate against this competitive threat, continues to commit resources to research and development, as it has done since foundation.
Risks of technological change and technological obsolescence	The Company's products could be adversely impacted by the development of alternative technology. There can be no assurance that the Group's products will not be rendered obsolete. In addition, there is no guarantee that the Group will be able to adapt existing technology for future use cases. This may have a material adverse effect on the Group's business, results of operations, financial condition and prospects.	The Group closely monitors technological developments in its sector and retains an intellectual property lawyer to monitor new innovation and potential threats to the Group's competitive position. The Group's core FER1000 fire extinguishing fluid provides a flexible base from which to develop new product variants for specific applications.
Changes in applicable laws and regulations	Whilst the Group's products currently comply with the appropriate laws and regulations in its targeted jurisdictions, these laws and regulations are likely to undergo change at some stage in the Group's future. In the event of changes to laws and/or regulations, the Group's products may need to be re-tested or re-verified and in an extreme case redeveloped. This will bear a cost	The Group has verified its products' performance with recognised testing houses based on current applicable laws and regulations in each of the jurisdictions in which it operates.

	Risk Factors that may impact the business	**Mitigation** What we are doing to minimise the risk
	burden on the Group, which could be significant, and which could also lead to delays in revenue, each of which may have a material adverse effect on the Group's business, results of operations, financial condition and prospects.	The Group maintains a regular dialogue with these independent testing houses to ensure that it is aware of any actual or proposed changes to legislation in good time. The Group is also an associate organisation to The Institution of Fire Engineers, a global professional membership body for those in the fire sector that seek to increase their knowledge, professional recognition and understanding of fire through a global discourse.
Foreign currency risk and overseas activities	The Group presents its financial information in pounds sterling although part of its business is conducted overseas in currencies other than pounds sterling. As a result, it is subject to foreign currency exchange risk due to exchange rate movements which will affect the Group's transaction costs and the translation of its results. Foreign revenues are also subject to special risks that may disrupt markets, including the risk of war, terrorism, civil disturbances, embargo and government activities. Revenue generating activities in certain foreign countries may require prior governmental approval in the form of an export licence and otherwise be subject to tariffs and import/ export restrictions. There can be no assurance that the Group will not experience difficulties in connection with future foreign revenues and, in particular, adverse effects from foreign currency fluctuations. Conducting business in most countries will require the Group to become familiar with and to comply with foreign laws, rules, regulations and customs. The Group has limited experience in conducting foreign business, and the Group cannot assure investors that it will be successful. Moreover the Group's failure to comply with foreign laws, rules and regulations of which the Group is not aware may harm the development of the Group's business.	The Group manages foreign currency translation risk through the matching of foreign currency receipts and payments, where possible. The Group intends to hedge using forward exchange contracts to guarantee the future exchange rate at which chosen volumes of currency are exchanged, once foreign currency receipts and payments reach an appropriate level. The Board carefully considers the jurisdictions in which it operates to minimise the risks to the Group of issues around the repatriation of funds to the UK. The Group closely monitors international import and export regulations and adapts its procedures to minimise duty costs while remaining compliant. Where necessary, the Group uses local legal, accounting and tax expertise to ensure that it complies with the rules and regulations relating to that jurisdiction.

	Risk Factors that may impact the business	**Mitigation** What we are doing to minimise the risk
The Group must effectively manage the growth of its operations and organisation	The Group's ability to manage its growth effectively will require it to continue to improve its operations, financial and management controls, reporting systems and procedures, and to train, motivate and manage its employees, and, as required, to install new management information and control systems. The Group will require additional management and systems as it seeks to establish sales and marketing infrastructure throughout its key international markets. Any inability of the Group to manage its expansion successfully may have a material adverse effect on the Group's business, results of operations, financial condition and prospects.	The Group's systems and controls are evolving to address the challenges of increasing complexity as the business grows. Management will continue to seek specialist advice where required to ensure the business follows a path of structured and sustainable growth. This may require the recruitment of additional staff with specific skills not held by current employees.
The Group's success depends on retaining and attracting capable management	The Group's success and ability to effectively execute its business plan depend in large part on its ability to attract and retain senior management. The Group's business plan was developed by its senior management, who have acquired specialised knowledge and skills regarding the Group, the markets it serves and the business generally. The Group may not be able to find effective replacements in a timely manner or at all. The loss of any of these members of senior management, or any delay in replacing a departed member, may have a material adverse effect on the Group's business, results of operations, financial condition and prospects.	The Group places great importance on open communication with its employees, including regular staff updates and away days. The Group aims to offer appropriate remuneration packages and incentive arrangements in order to mitigate this risk and seeks to create a supportive working environment where employees are encouraged to learn and develop in their roles through personal development plans.
Testing and verification	The Group ensures that all products are independently tested and/or verified to prove the Group's product's performance claims. The tests and verifications are based on British and International testing standards. There is no guarantee that these tests will be accepted by end customers, which may have a material adverse effect on the Group's business, results of operations, financial condition and prospects.	The Group has verified its products' performance with recognised testing houses in each of the jurisdictions in which it operates. In order to sell the Group's products on certain digital platforms, evidence of appropriate independent testing and verification must be supplied to the marketplace provider. The Group has successfully provided this evidence to the satisfaction of the marketplace provider.

	Risk Factors that may impact the business	**Mitigation** What we are doing to minimise the risk
Product recalls might be necessary	The Group may be faced with the necessity of recalling one or more products or batches of products. This may occur even if no product default is evidenced, but rather if a defect is suspected of being present. A recall of the Group's products may result in loss of revenue and damage to its reputation. Products no longer being able to be sold may have a material adverse effect on the Group's business, results of operations, financial condition and prospects.	The Group has verified its products' performance with recognised testing houses in each of the jurisdictions in which it operates. In conjunction with suppliers, the Group seeks to ensure that its products are manufactured in accordance with its detailed product specifications. Comprehensive compliance records are maintained for each production batch which is approved for sale. In addition, detailed testing, overseen and approved by an independent fire consultant, is performed on each production batch with traceability of key components to each of the Group's suppliers. The Group's key suppliers are Sedex approved, an internationally recognised independent process quality accreditation.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Statutory Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Company financial statements for each financial year. The Directors are required by the AIM rules of the London Stock Exchange to prepare the Group financial statements in accordance with International Financial Reporting Standards ('IFRS') as adopted by the United Kingdom ('UK') and have elected under company law to prepare the Company financial statements in accordance with IFRS as adopted by the UK.

The financial statements are required by law and IFRS adopted by the UK to present fairly the financial position of the Group and the Company and the financial performance of the Group. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period.

In preparing the Group and Company 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 they have been prepared in accordance with IFRS adopted by the UK; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the LifeSafe Holdings plc website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of Directors' responsibilities

By order of the Board

Alan Brading
Company Secretary
17 April 2023

Independent Auditors' report to the members of LifeSafe Holdings plc

Opinion

We have audited the financial statements of LifeSafe Holdings plc (the 'parent company') and its subsidiaries (the 'group') for the year 31 December 2022 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2022 and of the group's loss for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Other matter – prior period financial statements

In forming our opinion on the financial statements, which is not modified, we note that the prior period financial statements were not subject to audit as the company was exempt from audit under Section 477 of the Companies Act 2006, and audited group financial statements were not prepared. Consequently, UK adopted international accounting standards require the auditor to state that the corresponding figures contained within these financial statements are unaudited.

An overview of the scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud. We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the

Independent Auditors' report to the members of LifeSafe Holdings plc

group and the parent company, the accounting processes and controls, and the industry in which they operate.

We performed a full scope audit of LifeSafe Holdings plc and its subsidiary LifeSafe Technologies Limited. Our audit consisted principally of substantive tests of detail as this was deemed the most efficient and effective way of amassing sufficient reliable audit evidence

Key audit matters

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

Key audit matter	How our scope addressed this matter
Going concern (Group) There is a risk that the Group has insufficient resources to meet future commitments for a period of twelve months from the balance sheet date. It is the responsibility of the directors to form an opinion on whether the going concern basis of accounting is appropriate and to identify and disclose any material uncertainties that may cast significant doubt on the Group's or Parent Company's ability to continue as a going concern. As the Group is loss making this is considered a key audit matter. The directors have set out their assessment in relation to going concern in note 1.2.	We have performed a detailed review and assessment of the cash flow position/forecasts and management accounts for the Group pre-sign off. We scrutinised and discussed the assumptions made with management. Our work included, but was not restricted to: • obtaining and reviewing the cash flow forecasts provided by management for the period to 31 October 2024; • checking the mathematical accuracy of the cash flow forecasts; • reviewing the cash flow forecasts in light of our understanding of the business to identify and challenge the key assumptions therein, to assess the level of cash headroom, to stress test the forecasts and therefore the headroom on maintaining a positive cash balance; and • review of the disclosures within the financial statements to assess whether they accurately reflect management's assessment of going concern, including any uncertainties.

Independent Auditors' report to the members of LifeSafe Holdings plc

Impairment of intangible assets (Group) The Group has capitalised patents, licences and research and development costs. The recoverability of the intangibles assets is dependent on individual cash-generating units to which the intangible assets allocated are generating sufficient cash flows in the future. Due to the inherent uncertainty involved in forecasting future cash flows, and selection of appropriate discount rates, which are the basis of the assessment of recoverability, this is considered a key audit matter. Refer to note 15 in the financial statements for the disclosures relating to intangible assets.	Our audit procedures involved: • reviewing the discounted cash flow models, testing and challenging the judgements and assumptions used by management in their assessment of whether intangibles are impaired and assessing management's sensitivity analysis on the cash flow model; • challenging the assumptions and inputs in determining the discount rate used to calculate the present value of projected future cash flows; • testing the mathematical accuracy and integrity of the model used; • assessing management's earnings assumptions in the models compared to current period performance and forecasted performance for the next financial year; • reviewing management's sensitivity analysis of key assumptions including the revenue growth forecasts and the discount rate; and • considering whether the disclosures about the sensitivity of the outcome of the impairment assessment to changes in key assumptions were adequate and properly reflected the risks inherent in the valuation of the cash generating units.
Share options and warrant valuation The group has issued share options in the year, including replacement share options. Due to the inherent uncertainty involved in calculating the fair value of the share options at grant date, this is considered a key audit matter. Refer to note 26 in the financial statements for the disclosures relating to share options.	Our procedures involved: • reviewing management's share option and warrant valuation calculations to ensure mathematically accuracy; • challenging the assumptions and inputs in determining the fair value of the share options on grant; and • reviewing management's memo on share options and critically evaluating whether these are in line with the applicable accounting standard IFRS2.

Independent Auditors' report to the members of LifeSafe Holdings plc

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken based on the financial statements. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take into account the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

We consider EBITDA to be the financial metric of most interest to shareholders and other users of the financial statements. The key figure in the accounts is earnings per share as this is a key target for the group and what drives value. Therefore, EBITDA is considered the most appropriate basis as it represents the underlying trading performance of the group.

Materiality for the group financial statements as a whole was set at £105,000, determined by reference to 5% of group EBITDA, which we considered was within a suitable range for calculating materiality using an EBITDA measure as the benchmark.

Performance materiality is the application of materiality at the individual account or balance level set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. Performance materiality for the Group was set at £68,200.

We agreed with the Audit Committee that we would report all individual audit differences identified during the course of our audit in excess of £5,240. We also agreed to report differences below these thresholds that, in our view, warranted reporting on qualitative grounds.

Component materiality for the subsidiary, LifeSafe Technologies Limited, was capped at £61,400, with reference to 5% of component EBITDA. The subsidiary was subject to a statutory audit in its own right.

Conclusions relating to going concern

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

Our evaluation of the director's assessment of the entity's ability to continue to adopt the going concern basis of accounting considered the inherent risks to the group and the company's business model and reviewed the directors' assessment of how those risks affect the group and the company's financial resources or ability to continue operations over the going concern period. We considered the likely cash inflows and outflows over the going concern period and assessed the risk that the group and the company would be unable to meet their liabilities as they fall due. We scrutinised the reasonableness of assumptions applied to the cash flow forecasts and sensitised such forecasts against various scenarios which could come to realisation. We reviewed management's going concern memo and discussed with the Board. We considered post balance sheet date performance and other wider factors in concluding our assessment.

Independent Auditors' report to the members of LifeSafe Holdings plc

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

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

Other information

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or

Independent Auditors' report to the members of LifeSafe Holdings plc

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 61, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to regulatory requirements for the company and trade regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, income tax, payroll tax and sales tax.

Independent Auditors' report to the members of LifeSafe Holdings plc

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to revenue and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing accounting journal entries, in particular those journal entries which shared key risk characteristics; and
- Challenging assumptions and judgements made by management in their critical accounting estimates.

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

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

Use of our report

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

Ian Cliffe (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory Auditors
17 April 2023

10 Queen Street Place
London
EC4R 1AG

Consolidated statement of comprehensive income

	Note	2022 Before non-underlying items £000	2022 Non-underlying items (note 6) £000	2022 Total £000	2021 (Unaudited) Before non-underlying items £000	2021 (Unaudited) Non-underlying items (note 6) £000	2021 (Unaudited) 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	5	**-**	**-**	**-**	46	-	46
Administrative expenses	6	**(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	11	**(5)**	**(187)**	**(192)**	(1)	(48)	(49)
Other gains	12	**-**	**-**	**-**	14	-	14
Loss before tax		**(1,385)**	**(1,602)**	**(2,987)**	(1,383)	(162)	(1,545)
Taxation	13	**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 (£)	14			**(0.15)**			(0.10)

The accompanying notes on pages 76 to 116 form an integral part of these consolidated financial statements.

All amounts relate to continuing operations.

Consolidated statement of financial position

	Note	**As at 31 December 2022 £000**	As at 31 December 2021 (Unaudited) £000
Non-current assets			
Intangible assets	15	**483**	165
Property, plant and equipment	16	**10**	11
		493	176
Current assets			
Inventories	18	**442**	190
Trade and other receivables	19	**659**	132
Cash and cash equivalents	20	**1,166**	64
		2,267	386
Total assets		**2,760**	562
Current liabilities			
Trade and other payables	21	**(1,002)**	(262)
Convertible loan notes	23	**-**	(562)
Borrowings	22	**(7)**	(7)
Other provisions	24	**(24)**	(31)
		(1,033)	(862)
Non-current liabilities			
Borrowings	22	**(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	25	**221**	3
Share premium account	25	**4,152**	4,627
Share-based payment reserve	27	**857**	114
Convertible loan note reserve	27	**-**	171
Retained earnings	27	**(3,522)**	(5,241)
Total equity		**1,708**	(326)

The notes on pages 76 to 116 are an integral part of these financial statements. The financial statements were approved and authorised for issue by the Board on 17 April 2023 and signed on its behalf by:

Dominic Berger
Executive Chairman
Company registered number: 09770600

Company statement of financial position

	Note	**As at 31 December 2022**	As at 31 December 2021 (Unaudited)
		£000	£000
Non-current assets			
Investments	35	**322**	53
		322	53
Current assets			
Trade and other receivables	36	**6,615**	5,233
Cash and cash equivalents	37	**745**	-
		7,360	5,233
Total assets		**7,682**	5,286
Current liabilities			
Convertible loan notes	38	**-**	(562)
Total liabilities		**-**	(562)
Net assets		**7,682**	4,724
Equity			
Called up share capital	39	**221**	3
Share premium account	39	**4,152**	4,627
Share-based payment reserve	40	**857**	114
Convertible loan note reserve	38	**-**	171
Retained earnings		**2,452**	(191)
Total equity		**7,682**	4,724

The notes on pages 76 to 116 are an integral part of these financial statements.

The Company has elected to take exemption under section 408 of the Companies Act 2006 from presenting the Company statement of comprehensive income. The loss for the Company for the year ended 31 December 2022 was £1,890,000 (2021: £94,000).

The financial statements were approved and authorised for issue by the Board on 17 April 2023 and signed on its behalf by:

Dominic Berger
Executive Chairman
Company registered number: 09770600

Consolidated statement of changes in equity

	Note	Share capital £000	Share premium £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)
Comprehensive income							
Loss for the year		-	-	-	-	(1,521)	(1,521)
Share-based payments	26	-	-	114	-	-	114
Transactions with owners:							
Shares issued for cash	25	-	436	-	-	-	436
Shares issued in lieu of expenses		1	656	-	-	-	657
Convertible loan notes exercised	23	-	188	-	-	-	188
Convertible loan notes issued	23	-	-	-	171	-	171
Balance at 31 December 2021 (Unaudited)		**3**	**4,627**	**114**	**171**	**(5,241)**	**(326)**

	Note	Share capital £000	Share premium £000	Share-based payment reserve £000	Convertible loan note reserve £000	Retained earnings £000	Total equity £000
Balance at 1 January 2022		3	4,627	114	171	(5,241)	(326)
Comprehensive income							
Loss for the year		-	-	-	-	(2,814)	(2,814)
Share-based payments	26	-	-	630	-	-	630
Issue of warrants	26	-	(113)	113	-	-	-
Transactions with owners:							
Bonus issue of shares	25	151	-	-	-	(151)	-
Cancellation of share premium	25	-	(4,464)	-	-	4,464	-
Shares issued for cash	25	40	3,047	-	-	-	3,087
Share issue costs	25	-	(368)	-	-	-	(368)
Convertible loan notes issued	23	-	-	-	183	-	183
Convertible loan notes exercised	23	27	1,423	-	(354)	220	1,316
Balance at 31 December 2022		**221**	**4,152**	**857**	**-**	**(3,522)**	**1,708**

Company statement of changes in equity

	Note	Share capital £000	Share premium £000	Share-based payment reserve £000	Convertible loan note reserve £000	Retained earnings £000	Total equity £000
Balance at 1 January 2021		2	3,347	-	-	(96)	3,253
Comprehensive income							
Loss for the year		-	-	-	-	(1)	(1)
Transactions with owners:							
Shares issued for cash	39	-	436	-	-	-	436
Shares issued in lieu of expenses		1	656	-	-	-	657
Convertible loan notes exercised	38	-	188	-	-	-	188
Share-based payments	40,41	-	-	114	-	-	114
Convertible loan notes issued	38,41	-	-	-	171	-	171
Prior year adjustment	41	-	-	-	-	(94)	(94)
Balance at 31 December 2021		**3**	**4,627**	**114**	**171**	**(191)**	**4,724**
Balance at 1 January 2022		3	4,627	114	171	(191)	4,724
Comprehensive income							
Loss for the year		-	-	-	-	(1,890)	(1,890)
Share-based payments	40	-	-	630	-	-	630
Issue of warrants	40	-	(113)	113	-	-	-
Transactions with owners:							
Bonus issue of shares	39	151	-	-	-	(151)	-
Cancellation of share premium	39	-	(4,464)	-	-	4,464	-
Shares issued for cash	39	40	3,047	-	-	-	3,087
Share issue costs	39	-	(368)	-	-	-	(368)
Convertible loan notes issued	38	-	-	-	183	-	183
Convertible loan notes exercised	38	27	1,423	-	(354)	220	1,316
Balance at 31 December 2022		**221**	**4,152**	**857**	**-**	**2,452**	**7,682**

The notes on pages 76 to 116 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

	Note	**Year ended 31 December 2022 £000**	Year ended 31 December 2021 (Unaudited) £000
Cash flows from operating activities			
Loss before taxation from continuing activities		**(2,987)**	(1,545)
Adjustments for non-cash/non-operating items:			
Depreciation of property, plant and equipment	16	**2**	2
Amortisation of intangible assets	15	**90**	52
Equity-settled expenses		**-**	657
Gain on debt extinguishment	12	**-**	(14)
IPO costs	6	**727**	-
Equity-settled share-based payments	26	**630**	114
Finance expense	11	**192**	49
Operating cash flows before movements in working capital		**(1,346)**	(685)
Increase in inventories	18	**(252)**	(190)
Increase in trade and other receivables	19	**(357)**	(18)
Increase/(decrease) in trade and other payables	21	**734**	(273)
Cash used in operations		**(1,221)**	(1,166)
Corporation tax received	13	**-**	24
Net cash used in operating activities		**(1,221)**	(1,142)
Cash flows used in investing activities			
Purchase of property, plant and equipment	16	**(1)**	(10)
Purchase of intangibles	15	**(408)**	(123)
Net cash used in investing activities		**(409)**	(133)
Cash flows from financing activities			
Shares issued for cash (net of expenses)	25	**1,993**	436
Repayment of borrowings	22	**(7)**	(5)
Proceeds from issue of convertible loan notes	23	**750**	833
Other interest paid	11	**(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	20	**1,166**	64

The notes on pages 76 to 116 are an integral part of these consolidated financial statements.

Notes to the financial statements

1 Accounting policies

1.1 Basis of preparation

LifeSafe Holdings plc is a public company limited by shares, registered and incorporated in England and Wales. The registered office is 1 Sopwith Crescent, Wickford, Essex, SS11 8YU. The registered number is 09770600. The principal activity of the Company, together with its subsidiary undertakings (the 'Group'), throughout the year, is the provision of fire extinguishing and related products.

The consolidated financial statements for the year ended 31 December 2022 have been prepared in accordance with UK-adopted international accounting standards in conformity with the requirements of the UK Companies Act 2006. The prior year information for the year ended 31 December 2021 is the same as that disclosed in the historical financial information in the admission document to AIM, which was deemed to be the first-year accounts under IFRS. The financial information for the year ended 31 December 2021 was prepared in accordance with International Financial Reporting Standards in conformity with the requirements of the Companies Act 2006 and in accordance with International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606 / 2002 as it applies in the European Union.

The financial statements of the Company have been prepared in accordance with the Companies Act 2006 and Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101'). These financial statements for the year ended 31 December 2022 are the first the Company has prepared in accordance with FRS 101. The Company's transition date to FRS 101 is 1 January 2021. IFRS 1 allows certain exemptions in the application of particular standards to prior periods in order to assist companies with the transition process. The transitional adjustments are set out in note 41.

The financial statements have been prepared on the historical cost basis with the exception of certain items which are measured at fair value as disclosed in the principal accounting policies set out below. These policies have been consistently applied to both the Company and Group to all years presented unless otherwise stated.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- The requirement in paragraph 38 of IAS 1 'Presentation of financial statements' to present comparative information in respect of a reconciliation of the number of shares outstanding at the start and end of the prior period;

- The following paragraphs of IAS 1 'Presentation of financial statements':
  - 10(a) (statement of cash flow);
  - 16 (statement of compliance with all IFRS);
  - 38A (requirement for minimum of two primary statements, including cash flow statements);
  - 38B-D (additional comparative information);
  - 111 (cash flow statement information);
  - 134-136 (capital management disclosures); and
  - IAS 7 'Statement of cash flows'.

Notes to the financial statements

1 Accounting policies *(continued)*

1.1 Basis of preparation *(continued)*

- Paragraphs 30 and 31 of IAS 8 'Accounting policies, changes in accounting policies and estimates and errors' (requirement for the disclosure of information when an entity has not yet applied a new IFRS that has been issued but not yet effective);

- The requirements in IAS 24 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group; and

- The requirement of IFRS 1 'First-time adoption of IFRS' to present a statement of financial position at the date of transition.

In addition, and in accordance with FRS 101, further disclosure exemptions have been applied because equivalent disclosures are included in the consolidated financial statements of the Group. These financial statements do not include certain disclosures in respect of:

- Financial Instrument disclosures as required by IFRS 7 Financial Instrument Disclosure; and

- Fair value measurements – details of the valuation techniques and inputs used for fair value measurement of assets and liabilities as per paragraphs 91 to 99 of IFRS 13 Fair Value Measurement.

The financial statements are presented in thousands of pounds sterling ('£000') except where otherwise indicated.

1.2 Going concern

The Group has traded and continued to invest in growth throughout the financial year. The Group made a loss after tax during the year and has net current assets as at 31 December 2022. A £250,000 invoice finance facility was entered into on 21 March 2023 (note 33).

The Directors have assessed the ability of the Group and Company to continue as a going concern using cash flow forecasts. In light of the positive forecast cash position and current trading results the Directors are satisfied that there are sufficient resources to continue in business for the foreseeable future, being at least 12 months from the date of signing of the financial statements.

The financial statements have been prepared on the going concern basis which the Directors believe to be appropriate for the following reasons. The Directors have prepared cash flow forecasts for a 12-month period from the date of approval of these financial statements and such forecasts have indicated that sufficient funds should be available to enable the Group to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment.

Furthermore, the Directors are not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. For these reasons, they have adopted the going concern basis in preparing the Group's financial information.

1 Accounting policies *(continued)*

1.3 New standards, amendments, and interpretations

New and amended standards, and interpretations, issued and effective for the financial year beginning 1 January 2022

The following new standards, amendments and interpretations are effective for the first time in these financial statements. However, none has had a material impact on the financial statements:

Standard	Effective date
Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);	1 January 2022
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);	1 January 2022
Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and	1 January 2022
Amendments to IFRS 3: References to Conceptual Framework.	1 January 2022

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

Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current;	1 January 2023
Disclosure of accounting policies (Amendments to IAS 1)	1 January 2023
Definition of accounting estimates (Amendments to IAS 8)	1 January 2023
Amendments to IFRS 17 Insurance contracts	1 January 2023
Amendments to IFRS 4 – Extension of temporary exemption of applying IFRS 9	1 January 2023
Amendments to IAS 12 Income Taxes: Deferred tax related to assets and liabilities arising from a similar transaction	1 January 2023
Amendments to IFSR 16 – Lease liability in sale and leaseback*	1 January 2024
Amendments to IAS 1 – Liabilities with covenants*	1 January 2024

*Subject to endorsement by the EU

The Directors do not expect that the adoption of these standards will have a material impact on the financial statements of the Group or Company in future periods.

1 Accounting policies *(continued)*

1.4 Basis of consolidation

The consolidated financial statements incorporate the results of the Company and its subsidiary undertakings. Intercompany transactions and balances between group companies are therefore eliminated in full. The financial information incorporates the results of business combinations using the acquisition method. In the consolidated statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

The business combinations have been accounted for under IFRS 3 Business Combinations.

The historical financial information of the Group has been prepared under IFRS 10 Consolidated Financial Statements.

Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group until the date that control ceases.

Transactions eliminated on consolidation

Intra-group balances, and any gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the financial statements. Losses are eliminated in the same way as gains, but only to the extent that there is no evidence of impairment.

1.5 Revenue recognition

IFRS 15 Revenue from Contracts with Customers is a principle-based model of recognising revenue from contracts with customers. It has a five-step model that requires revenue to be recognised when control over goods and services is transferred to the customer.

The Group sells through digital and bulk contract orders. Revenue is recognised at a point in time when the Group delivers a product to a customer. Payment of the transaction price is due immediately when the customer purchases the product or as determined within the customer contracts.

Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

1 Accounting policies *(continued)*

1.6 Other operating income and grants

Other operating income represents all other income received by the Group. This includes Government grants for the Coronavirus Job Retention Scheme.

Government grants are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

In the year ended 31 December 2021, the Group utilised the Government's Coronavirus Job Retention Scheme ('CJRS'), which allowed businesses to submit claims for repayment of furloughed or flexible furloughed employee wages as a result of COVID-19. Additionally, in the year ended 31 December 2020, the Group utilised the Government's Coronavirus Bounce Back Loan Scheme ('BBLS'), which allowed businesses to apply for loans with deferred payment and interest terms, as a result of the effects of COVID-19. The grant income received has been accounted for in accordance with IAS 20 Accounting for Government Grants and Disclosure of Government Assistance and shown in other operating income in the income statement. Personnel costs have been shown gross of grant income.

1.7 Employee benefits: pension obligations

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the consolidated statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

1.8 Net finance costs

Finance expense
Finance expense comprises of interest payable and lease interest which are expensed in the year in which they are incurred and reported in finance costs. Debt issue costs are capitalised and amortised over the life of the associated facility.

Finance income
Finance income relates to interest on bank deposits.

1.9 Inventories

Inventory is stated at the lower of cost and net realisable value. Cost is determined on a weighted average cost basis ('AVCO') and comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the amount that can be realised from the sale of the inventory in the normal course of business after allowing for the costs of realisation.

1 Accounting policies *(continued)*

1.9 Inventories *(continued)*

Stock in transit at the year end is included within inventory at cost, where transfer of ownership can be readily determined.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of inventory over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.10 Foreign currency translation

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the end of the reporting year. All differences are taken to the consolidated statement of comprehensive income.

1.11 Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the UK where the Group and Company operate and generate taxable income.

Deferred tax balances are recognised in respect of all temporary differences that have originated but not reversed by the balance sheet date, except:

- the recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;

- any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and

- where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the Group and Company can control their reversal and such reversal is not considered probable in the foreseeable future.

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

1 Accounting policies *(continued)*

1.12 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the reducing balance method. Depreciation is provided on the following basis:

- Plant and machinery – 15% reducing balance

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date. At the year end date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

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

1.13 Intangible assets

Other intangible assets

Other intangible assets are initially recorded at cost. After initial recognition, intangible assets are measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is charged to the administrative expenses in the consolidated statement of comprehensive income on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life are systematically tested for impairment at each balance sheet date.

Other intangible assets are amortised on a straight-line basis from the date they are available for use. The estimated useful lives are as follows:

- Other intangible assets - 5 years

The estimated useful lives are based upon management's best estimate of the expected life of the asset. Useful lives are reconsidered if circumstances relating to the asset change or if there is an indication that the initial estimate requires revision.

Notes to the financial statements

1 Accounting policies *(continued)*

1.14 Impairment of assets

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash generating unit ('CGU') to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

1.15 Leased assets

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

To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether an identified physically distinct asset can be identified, it has the right to obtain substantially all of the economic benefits from the asset throughout the period of use and has the ability to direct the use of the asset over the lease term, being able to restrict the usage of third parties as applicable.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- leases of low value assets; and
- leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the incremental borrowing rate on commencement of the lease is used.

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

- amounts expected to be payable under any residual value guarantee; and
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of the termination option being exercised.

1 Accounting policies *(continued)*

1.15 Leased assets *(continued)*

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

- lease payments made at or before commencement of the lease;

- initial direct costs incurred; and

- the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term. When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. An equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

1.16 Convertible debt

The proceeds received on the issue of the Group's convertible debt are allocated into their liability and equity components where the fixed-for-fixed criterion is met. Where this criterion is not met, the conversion feature is accounted for as a derivative liability and accounted for separately from the host instrument with the fair value of the embedded derivative liability being calculated first and residual value being assigned to the host instrument, which is accounted for at amortised cost.

1.17 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short term highly liquid deposits which are subject to an insignificant risk of changes in value.

1.18 Financial instruments

Financial instruments are all financial assets and financial liabilities that comprise a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity and are detailed in the notes to the financial statements.

Financial assets and financial liabilities are recognised when the Group becomes party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable (other than financial assets or liabilities at fair value through profit or loss) are added to or deducted from the fair value as appropriate, on initial recognition.

1 Accounting policies *(continued)*

1.18 Financial instruments *(continued)*

Financial assets and financial liabilities are offset, and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Financial assets

Financial assets are subsequently classified into the following specified categories:

- financial assets at fair value through profit or loss, including held for trading;
- fair value through other comprehensive income; or
- amortised cost.

The classification depends on the nature and purpose of the financial asset (the Group's business model for managing the financial assets and the contractual terms of the cash flows) and is determined at the time of initial recognition.

They are measured at amortised cost if they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets not held at amortised cost or fair value through other comprehensive income are held at fair value through profit or loss.

At present the Group has only financial assets held at amortised cost.

Financial liabilities

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements.

Equity instruments are any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments are recognised at proceeds received net of issue costs.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss (‘FVTPL’) or financial liabilities at amortised cost, which are measured using the effective interest method.

At present the Group has only financial liabilities held at amortised cost.

Notes to the financial statements

1 Accounting policies *(continued)*

1.18 Financial instruments *(continued)*

Impairment of financial assets

IFRS 9 requires the use of forward-looking information to recognise expected credit losses – the 'expected credit loss model'. Recognition of credit losses is not dependent on the Group first identifying a credit loss event; instead, the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions and reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

Trade and other receivables

The Group makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating this, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics based on grouping debt by days overdue.

1.19 Equity instruments

Equity of the Group comprises the following:

- 'Called up share capital' represents the nominal value of equity shares.
- 'Share premium account' represents any premiums received on issue of share capital. Any transaction costs associated with the timing of shares are deducted from share premium.
- 'Share-based payment reserve' represents the cumulative amount recognised in relation to the equity-settled share-based payment schemes in place.
- 'Convertible loan note reserve' represents the amount of proceeds on issue of convertible debt relating to the equity component (that is, the value of the option to convert the debt into share capital).
- 'Retained earnings' represents retained earnings less retained losses.

1.20 Share-based payments

The Group issues equity-settled share-based incentives to certain employees in the form of share options. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date is expensed in the Group's financial statements on a straight-line basis over the estimated vesting period, based on the estimate of shares that will eventually vest.

Notes to the financial statements

1 Accounting policies *(continued)*

1.21 Provisions

Provisions are charged as an expense to the consolidated statement of comprehensive income in the year that the Group becomes aware of the obligation and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. When payments are eventually made, they are charged to the provision carried in the consolidated statement of financial position.

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

1.22 Investments

Investments are stated at their cost less impairment losses.

1.23 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ('CODM'). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Group. The Group has one reporting segment, being the sale of fire extinguishing and related products.

1.24 First time adoption of IFRS

These financial statements, for the year ended 31 December 2022, are the first the Group has prepared in accordance with IFRS.

Accordingly, the Group has prepared financial statements that comply with IFRS applicable as at 31 December 2022, together with the comparative period data for the year ended 31 December 2021, as described in the summary of significant accounting policies. In preparing the financial statements, the Group's opening consolidated statement of financial position was prepared as at 1 January 2021, the Group's date of transition to IFRS.

2 Critical accounting judgements and estimates

The preparation of the financial statements in compliance with IFRS requires the use of certain critical accounting estimates. It also requires the Group's management to exercise judgement and use assumptions in applying the Group's accounting policies. The resulting accounting estimates calculated using these judgements and assumptions will, by definition, seldom equal the related actual results but are based on historical experience and expectations of future events. Management believes that the estimates utilised in preparing the financial statements are reasonable and prudent critical accounting judgements and estimates.

Judgements and estimates are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The judgements and key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are discussed below.

<u>Key accounting estimates and judgements</u>

Useful economic lives of tangible and intangible assets

The annual depreciation and amortisation charge for tangible and intangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary, to reflect current estimates, based on technological advancement, future investments, economic utilisation, and the physical condition of the assets.

Capitalisation of development costs

The capitalisation of development costs held as intangible assets in the consolidated statement of financial position involves judgements regarding the initial recognition of the asset based on market research, an assessment of capitalisation rates of staff costs and expected future net revenues. It also includes estimations regarding the period of amortisation.

Share-based payments

In order to calculate the value of employee share options as required by IFRS 2, the Group makes estimates principally relating to the assumptions used in its option-pricing model. This is a key estimate used to value the share options in issue at the balance sheet date.

Derivative financial liabilities

Derivative financial liabilities are recognised at fair value at the date of grant of the convertible debt instrument with which they are associated. The inputs used in establishing the fair value of the derivative component of the convertible debt instrument are not market observable and are based on estimates derived from available data and professional judgement surrounding future events. A significant change in these estimates could have a material impact on the value of the derivative liabilities and corresponding fair value gain or loss recognised in the consolidated statement of comprehensive income.

3 Revenue from contracts with 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.

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

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

Timing of transfer of goods or services

The Group's revenue is recognised at a point in time for each of the years presented.

4 Segmental reporting

The Chief Operating Decision Maker ('CODM') has been determined to be the Board of Directors. The CODM reviews the Group's internal reporting in order to assess performance and allocate resources. The CODM has determined that there is one single operating segment being the sale of fire extinguishing and related products. Information concerning geographical revenue is disclosed in note 3.

5 Other operating income

	Year ended 31 December 2022	Year ended 31 December 2021 (Unaudited)
	£000	£000
Grants received	**-**	46
	-	46

The Group received government grants as part of initiatives to provide financial support as a result of the COVID-19 pandemic. There are no future costs in respect of these grants which were received solely as compensation for the impact of the pandemic during the year.

6 Non-underlying items

	Year ended 31 December 2022	Year ended 31 December 2021 (Unaudited)
	£000	£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) (note 26).

Convertible loan note interest
The total charge recognised for the year in relation to convertible loan note interest amounted to £187,000 (2021: £48,000) (note 23).

Notes to the financial statements

7 Expenses by nature

Operating loss is stated after charging:

	Year ended 31 December 2022	Year ended 31 December 2021 (Unaudited)
	£000	£000
Depreciation of property, plant and equipment	**2**	2
Amortisation of intangibles	**90**	52
Foreign exchange differences	**34**	6
IPO costs	**727**	-
Share-based payment charges	**630**	114

8 Auditor remuneration

	Year ended 31 December 2022	Year ended 31 December 2021 (Unaudited)
	£000	£000
Fee payable for the audit of the Company's financial statements	**45**	-
Fee payable for the audit of the Group's financial statements	**30**	-
Fees relating to other services	**187**	-
	262	-

Amounts included in other fees are in respect of IPO and employment tax services.

9 Employee benefit expenses

Employee benefit expenses (including Directors) for the Group comprise:

	Year ended 31 December 2022	Year ended 31 December 2021 (Unaudited)
	£000	£000
Wages and salaries	**1,117**	256
Social security contributions and similar taxes	**146**	27
Pension costs	**44**	11
Share-based payment charges	**630**	114
Total remuneration	**1,937**	408
Less: capitalised product development costs	**(199)**	(72)
Total remuneration charged to the income statement	**1,738**	336

9 Employee benefit expenses *(continued)*

During the year ended 31 December 2022, the Group capitalised staff and Director costs of £199,000 (2021: £72,000). This amount has been included within intangibles in the consolidated statement of financial position.

The average number of people (including Directors) employed by the Group is:

	Year ended 31 December 2022	Year ended 31 December 2021 (Unaudited)
	Number	Number
Directors and staff	**9**	5
	9	5

10 Director emoluments

Director emoluments comprise:

	Year ended 31 December 2022	Year ended 31 December 2021 (Unaudited)
	£000	£000
Remuneration for qualifying services	**625**	188
Social security costs	**86**	23
Pension costs	**19**	9
	730	220

The number of Directors participating in money purchase pension schemes as at 31 December 2022 was 3 (2021: 4).

Key management personnel include all Directors of LifeSafe Holdings plc, who together have authority and responsibility for planning, directing, and controlling the activities of the Group's business. There are no key management personnel other than the Directors of LifeSafe Holdings plc.

Notes to the financial statements

10 Director emoluments *(continued)*

Remuneration disclosed in the previous table includes the following amounts paid to the highest paid Director:

	Year ended 31 December 2022	Year ended 31 December 2021 (Unaudited)
	£000	£000
Wages and salaries	**266**	70
Social security costs	**37**	8
Pension costs	**6**	2
	309	80

11 Finance expense

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

The total charge recognised for the year in relation to convertible loan note interest amounted to £187,000 (2021: £48,000) (note 23).

12 Other gains

	Year ended 31 December 2022	Year ended 31 December 2021 (Unaudited)
	£000	£000
Gain on debt extinguishment	**-**	14
	-	14

Notes to the financial statements

13 Taxation

The tax credits for the year presented differ from the standard rate of corporate tax in the UK. The differences are explained below:

	Year ended 31 December 2022	Year ended 31 December 2021 (Unaudited)
	£000	£000
Loss on ordinary activities before tax	**(2,987)**	(1,545)
Tax using LifeSafe Holdings plc's domestic tax rates	**(568)**	(294)
Effects of:		
Expenses not deductible for tax purposes	**122**	44
Capital allowances in excess of depreciation	**(63)**	(17)
Tax losses not recognised	**509**	267
Research and development tax credits	**(173)**	(24)
Total tax credit	**(173)**	(24)

The main rate of UK corporation tax was 19 per cent for the years ended 31 December 2021 and 31 December 2022.

In the Budget on 3 March 2021, the Chancellor announced the intention to increase the main rate of UK corporation tax to 25% for the financial year beginning 1 April 2023. This was substantively enacted on 24 May 2021.

At the year end, the Group had unused tax losses available for offset against suitable future profits of approximately £6.3 million (2021: £3.6 million). A deferred tax asset has not been recognised in respect of such losses due to uncertainty of future profit streams.

14 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.

15 Intangible assets

	Capitalised development costs £000	Total £000
Cost		
At 1 January 2021	118	118
Additions	123	123
At 31 December 2021 (Unaudited)	241	241
Amortisation		
At 1 January 2021	24	24
Charge for the year	52	52
At 31 December 2021 (Unaudited)	76	76
Net book amount		
At 31 December 2021 (Unaudited)	165	165
Cost		
At 1 January 2022	241	241
Additions	408	408
At 31 December 2022	**649**	**649**
Amortisation		
At 1 January 2022	76	76
Charge for the year	90	90
At 31 December 2022	**166**	**166**
Net book amount		
At 31 December 2022	**483**	**483**

Intangible assets comprise the costs incurred during the development phase of LifeSafe's commercially viable fire extinguishing fluids. They are amortised on a straight-line basis over their estimated useful lives from the date they are available for use.

A prudent amortisation period of five years has been adopted based on the expected period of commercial advantage LifeSafe will enjoy before the requirement to substantially enhance/re-develop the fluids to maintain barriers to entry. Useful lives are reconsidered if circumstances relating to the asset change or if there is an indication that the initial estimate requires revision.

16 Property, plant and equipment

The depreciation charge is recognised in administrative expenses in the consolidated statement of comprehensive income.

	Plant and machinery £000	Total £000
Cost		
At 1 January 2021	7	7
Additions	10	10
At 31 December 2021 (Unaudited)	17	17
Depreciation		
At 1 January 2021	4	4
Charge for the year	2	2
At 31 December 2021 (Unaudited)	6	6
Net book amount		
At 31 December 2021 (Unaudited)	11	11
Cost		
At 1 January 2022	17	17
Additions	1	1
At 31 December 2022	**18**	**18**
Depreciation		
At 1 January 2022	6	6
Charge for the year	2	2
At 31 December 2022	**8**	**8**
Net book amount		
At 31 December 2022	**10**	**10**

17 Leases

The Group leases a number of assets in the jurisdictions within which it operates. All lease payments, in substance, are fixed over the lease term. Where there are leasehold properties which hold a variable element to the lease payments made, these are not fixed and not capitalised as part of the right-of-use asset. All expected future cash out flows are reflected within the measurement of the lease liabilities at each year end.

Nature of leasing activities

	31 December 2022	31 December 2021 (Unaudited)
Number of active leases	**1**	1

The Group leases a property for commercial use.

Extension, termination, and break options

The Group sometimes negotiates extension, termination, or break clauses in its leases. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

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

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

Short term or low value lease expense

	Year ended 31 December 2022	Year ended 31 December 2021 (Unaudited)
	£000	£000
Total short term or low value lease expense	**32**	14
	32	14

18 Inventories

	31 December 2022	31 December 2021 (Unaudited)
	£000	£000
Finished goods and goods for resale	**442**	190
	442	190

The cost of inventories recognised as an expense in the year ended 31 December 2022 amounted to £775,695, (2021: £503,813). This is included in cost of sales in the consolidated statement of comprehensive income. During the year ended 31 December 2022, the Group wrote off a total stock value of £nil (2021: £74,893).

19 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

Trade receivables are amounts due from customers for services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are non-interest bearing. The carrying amount of trade and other receivables approximates to fair value.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses ('ECL') which uses a lifetime expected loss allowance for all trade receivables. The ECL balance has been determined as £nil based on historical data available to management in addition to forward looking information utilising management knowledge. Based on the analysis performed there is no material impact on the transition to ECL from previous methods of estimating the provision for doubtful accounts.

20 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

Notes to the financial statements

21 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

The Directors consider that the carrying value of trade and other payables approximates to their fair value. Trade payables are non-interest bearing and are normally settled monthly.

22 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%.

23 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.

24 Other provisions

	31 December 2022	31 December 2021 (Unaudited)
	£000	£000
Amounts falling within one year:		
Other provisions	**24**	31
	24	31

	Other provisions £000
At 1 January 2021	-
Additions	31
At 31 December 2021 (Unaudited)	31
At 1 January 2022	31
Additions	24
Amounts utilised during the year	(31)
At 31 December 2022	**24**

At 31 December 2021, the Group provided £31,000 for Coronavirus Job Retention Scheme claims that might become repayable as a result of furloughed employees continuing to act in some capacity for the Group. During the year ended 31 December 2022, £31,000 was paid to HMRC.

During 2022, the Group made a voluntary disclosure of underpaid PAYE Income tax and Class 1 National Insurance Contributions liabilities arising for payments made to Directors' service companies, prior to IPO. Management estimated that £24,000 could become repayable to HMRC.

25 Share capital and share premium account

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

25 Share capital and share premium account *(continued)*

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 (note 27)	**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 (note 27)	**(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 that 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.

26 Share-based payment schemes

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

[1] The 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**	-	-

The fair values of the options granted on 30 September 2021 and 11 October 2021 were calculated using the Black Scholes Model with the following assumptions:

- Risk free interest rate: 0.81% & 1.100%
- Expected volatility: 65.72%
- Expected dividend yield: 0.00%
- Life of the option: 10 years
- Share price at measurement date: £24.06

The fair values of the options granted on 29 March 2022 were calculated using the Black Scholes Model with the following assumptions:

- Risk free interest rate: 1.65%
- Expected volatility: 57.92%
- Expected dividend yield: 0.00%
- Life of the option: 10 years
- Share price at measurement date: £34.16

26 Share-based payment schemes *(continued)*

On 29 March 2022, the Group issued options to replace grants made on 11 October 2021. The incremental fair value expense of £515,768 was recognised in the consolidated statement of comprehensive income for the year ended 31 December 2022 relating to the percentage vested at this date.

On 26 July 2022, 2,142,266 share options were granted to those eligible under the scheme in line with the disclosures made in the Company's Admission Document published on 1 July 2022. The options, which have an exercise price of 75p, are subject to performance conditions measured at the end of a three-year performance period with the amount exercisable dependent on the total shareholder return achieved. In the event of certain corporate transactions within the performance period, the options will vest in full and be exercisable. On 13 October 2022, 974,965 of these options were replaced.

As these options include a market-based performance condition the fair value of the option has been calculated using the Monte Carlo Model with the following assumptions:

- Risk free interest rate: 1.76%
- Expected volatility: 63.98%
- Expected term: 3 years
- Share price at measurement date: £0.595

On 1 July 2022, the Group issued a warrant instrument pursuant to which WH Ireland Limited, the Company's nominated adviser and broker, was granted a warrant to subscribe for 583,431 ordinary shares in partial consideration for the provision of their services to the Group in connection with the placing and admission of shares to AIM. The terms and conditions of the grant are detailed below.

Date of grant	No. of warrants	Exercise price (£)	Vesting conditions	Contractual life of warrants
1 July 2022	583,431	0.75	Immediate	3 years

Details of the number of warrants 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	**-**	**-**	-	-
Granted during the year	**583,431**	**0.75**	-	-
Outstanding at end of the year	**583,431**	**0.75**	-	-
Exercisable at end of the year	**583,431**	**0.75**	-	-

26 Share-based payment schemes *(continued)*

The fair values of the options granted during the year were calculated using the Black Scholes Model with the following assumptions:

- Risk free interest rate: 1.68%
- Expected volatility: 51.44%
- Expected dividend yield: 0.00%
- Life of the option: 1.5 years
- Share price at measurement date: £0.75

27 Reserves

In anticipation of re-registering the Company as a public limited company ('plc'), a requirement of Admission to AIM, at a general meeting of the Company on 25 April 2022, it was resolved that the Company would reduce its share premium account by an amount of £4,464,175 to the credit of the Profit and Loss Account, and capitalise £150,837 of its Profit and Loss Account into share capital of the Company through a bonus issue of shares.

Share premium account
This represents the excess value recognised from the issue of ordinary shares above nominal value.

Share-based payment reserve
This represents the cumulative fair value of share options charged to the consolidated statement of comprehensive income net of the transfers to the profit and loss reserve on exercised and cancelled/lapsed options.

Convertible loan note reserve
This represents the amount of proceeds on issue of convertible debt relating to the equity component (that is, the value of the option to convert the debt into share capital).

Retained earnings
This represents cumulative net gains and losses less distributions made.

28 Retirement benefit scheme

	Year ended 31 December 2022	Year ended 31 December 2021 (Unaudited)
	£000	£000
Defined contribution schemes:		
Charge to income statement	**39**	11
	39	11

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

The outstanding pension contributions were £nil at the year ended 31 December 2022 (2021: £3,300).

29 Capital and financial commitments

The Group commits to certain lease and hire agreements in advance. As at 31 December 2022 LifeSafe Technologies Limited, a subsidiary of the Company, committed to the lease of facilities at Hillgrove Business Park, Waltham Abbey, and Basepoint Business Centre, Bromsgrove. The total commitment for these facilities as at 31 December 2022 amounted to £19,311 (2021: £nil).

30 Financial instruments

Financial assets

Due to their short-term nature, the carrying value of financial assets approximates to their fair value. They comprise trade receivables, other receivables and cash.

	31 December 2022 £000	31 December 2021 (Unaudited) £000
Trade receivables	**17**	-
Other receivables	**160**	1
Cash at bank available on demand	**1,166**	64

Financial liabilities

Financial liabilities measured at amortised cost comprise trade payables, other payables and borrowings.

	31 December 2022 £000	31 December 2021 (Unaudited) £000
Trade payables	**665**	219
Other payables	**-**	17
Accruals	**181**	-
Convertible loan notes	**-**	562
Borrowings	**26**	33

Financial risk management

The Group is exposed through its operation to the following financial risks: credit risk, interest rate risk, foreign exchange risk and liquidity risk. Risk management is carried out by the Directors of the Group. The Group uses financial instruments to provide flexibility regarding its working capital requirements and to enable it to manage specific financial risks to which it is exposed.

30 Financial instruments *(continued)*

The Group finances its operations through a mixture of debt finance, cash and liquid resources and various items such as trade debtors and trade payables which arise directly from the Group's operations.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. In order to minimise the risk, the Group 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 carrying value of its financial receivables, trade and other receivables and cash and cash equivalents as disclosed in the notes to the financial statements.

Credit risk also arises on cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with minimum rating "B+" are accepted. Currently all financial institutions whereby the Group holds significant levels of cash are rated from AA- to A+.

Interest rate risk

As at 31 December 2022, the Group's current borrowings include a BBLS loan amounting to £26,128 with a fixed interest rate of 2.5%. Interest rate risk exposure for the Group is therefore minimal. The Group's policy is to manage its interest cost within the constraints of its financial borrowings.

Foreign exchange risk

Foreign exchange risk arises when the Group enters into transactions in a currency other than its functional currency. The Group's policy is, where possible, to settle liabilities denominated in a currency other than its functional currency with cash already denominated in that currency.

Liquidity risk

The Group seeks to maintain cash balances sufficient to meet its day-to-day financial obligations. Management reviews cash flow forecasts on a regular basis to determine whether the Group has sufficient cash reserves to meet future working capital requirements and to take advantage of business opportunities.

30 Financial instruments *(continued)*

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

	31 December 2022	31 December 2021 (Unaudited)
	£000	£000
Less than 1 year:		
Trade and other payables	**1,002**	262
Convertible loan notes	**-**	562
Borrowings	**7**	7
Other provisions	**24**	31
	1,033	862
Between 1-5 years:		
Borrowings	**19**	26
	1,052	888

Capital disclosures

Equity comprises share capital, share premium, share-based payment reserve, convertible loan note reserve and retained earnings and is equal to the amount shown as 'Equity' in the balance sheet.

The Group's current objectives when maintaining capital are to:

- safeguard the Group's ability to continue as a going concern so that it can continue to pursue its growth plans;
- provide a reasonable expectation of future returns to shareholders; and
- maintain adequate financial flexibility to preserve its ability to meet financial obligations, both current and long term.

The Group sets the amount of capital it requires in proportion to risk. The Group manages its capital structure and adjusts it in the light of changes in economic conditions and the risk characteristics of underlying assets. In order to maintain or adjust the capital structure, the Group may issue new shares or sell assets. During the years ended 31 December 2022 and 31 December 2021, the Group's business strategy remained unchanged.

31 Changes in liabilities from financing activities

	At 1 January 2021 £000	Financing cash flows £000	Interest £000	Conversions £000	Non-cash movements £000	At 31 December 2021 (Unaudited) £000
Borrowings	38	(6)	1	-	-	33
Convertible loan notes	40	833	48	(359)	-	562
	78	827	49	(359)	-	595

	At 1 January 2022 £000	Financing cash flows £000	Interest £000	Conversions £000	Non-cash movements £000	At 31 December 2022 £000
Borrowings	33	(8)	1	-	-	26
Convertible loan notes	562	750	187	(1,450)	(49)	-
	595	**742**	**188**	**(1,450)**	**(49)**	**26**

32 Related party transactions

The following related party transactions took place during the year:

Dominic Berger, a director of the Company who served during the year is also a director of Jester Media Limited. The total fees invoiced for consultancy services provided to the Group for the year ended 31 December 2022 amounted to £50,000 (2021: £30,000) of which £nil (2021: £nil) was outstanding at the year end.

Dominic Berger is also a director of Capital Plus Partners Limited. Total expenses recharged for the year ended 31 December 2022 amounted to £2,850 (2021: £7,708), of which £nil (2021: £nil) was outstanding at the year end.

Neil Smith, a director of the Company who served during the year was also a director of NCS Business Transformation Limited. The total fees invoiced for consultancy services provided to the Group for the year ended 31 December 2022 amounted to £nil (2021: £133,764) of which £nil (2021: £nil) was outstanding at the year end.

Gavin Cornelius, a director of LifeSafe Technologies Limited who served during the year, invoiced the Group £nil in relation to rent expenses for the year ended 31 December 2022 (2021: £61,470) of which £nil (2021: £nil) was outstanding at the year end.

32 Related party transactions *(continued)*

Family members of Gavin Cornelius received remuneration of £407 (2021: £6,091) during the year ended 31 December 2022 for services provided to the Group of which £nil (2021: £nil) was outstanding at the year end.

The DA Phillips & Co Limited Pension Scheme, a pension scheme whereby the trustee, Gavin Cornelius, is also a director of LifeSafe Technologies Limited, owns a property leased by the Group. In total, the Group paid DA Phillips & Co Limited Pension Scheme lease payments amounting to £51,957 in the year ended 31 December 2022 (2021: £9,310) of which £nil (2021: £nil) was outstanding at the year end.

Alan Brading, Company Secretary to the Group and a director of LifeSafe Technologies Limited who served during the year is also a director of Sygma Accountants Limited. The total fees invoiced for consultancy services provided to the Group for the year ended 31 December 2022 amounted to £33,000 (2021: £9,000) of which £nil (2021: £nil) was outstanding at the year end.

Paul Jameson, a director of LifeSafe Technologies Limited who served during the year is also a director of Stonebeach Consulting Limited. The total fees invoiced for consultancy services provided to the Group for the year ended 31 December 2022 amounted to £66,983 (2021: £99,478) of which £nil (2021: £nil) was outstanding at the year end.

Mike Stilwell, a director who served during the year is also a director of Ambleside 1976 Limited. The total fees invoiced for consultancy services provided to the Group for the year ended 31 December 2022 amounted to £nil (2021: £21,175) of which £nil (2021: £6,227) was outstanding at the year end.

Oliver Sheehan, a director of LifeSafe Technologies Limited who served during the year is also a director of Sea Horse Ventures Limited. The total fees invoiced to the Group for the year ended 31 December 2022 amounted to £nil (2021: £30,000) of which £nil (2021: £nil) was outstanding at the year end.

EA-RS Firescape Limited, a shareholder of the Company, invoiced the Group £nil (2021: £481,250) in relation to expenses incurred for the year ended 31 December 2022 of which £nil (2021: £nil) was outstanding at the year end.

33 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 at that date of these financial statements.

34 Auditor remuneration

The audit fees of the parent company have been disclosed within note 8 of the consolidated financial statements.

35 Investment in subsidiary undertakings - Company

Details of the Company's subsidiary at 31 December 2022 are as follows:

Subsidiary	Principal activity	Country of incorporation	Registered address	Proportion of voting rights and shares held
LifeSafe Technologies Limited	The provision of fire extinguishing and related products.	England & Wales	1 Sopwith Crescent, Wickford, Essex, England, SS11 8YU	100%

	Shares in group undertakings £000
Cost	
As 1 January 2021	-
Share-based payments capital contribution	53
At 31 December 2021 (unaudited and restated)	53
Share-based payments capital contribution	269
At 31 December 2022	**322**
Net book amount	**322**

36 Trade and other receivables - Company

	31 December 2022 £000	31 December 2021 (Unaudited) £000
Amounts falling due within one year:		
Amounts due from subsidiaries	**6,615**	5,233
	6,615	5,233

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 as £nil based on historical data available to management in addition to forward looking information utilising management knowledge. Based on the analysis performed there is no material impact on the transition to ECL from previous methods of estimating the provision for doubtful accounts.

Notes to the financial statements

37 Cash and cash equivalents - Company

	31 December 2022	31 December 2021 (Unaudited)
	£000	£000
Cash at bank available on demand	**745**	-
	745	-

38 Convertible loan notes – Company

The Company information for convertible loan notes is the same as the Group information and is shown in note 23.

39 Share capital and share premium account – Company

The Company information for share capital and the share premium account is the same as the Group information and is shown in note 25.

40 Share-based payment schemes – Company

The Company information for the share-based payment schemes is the same as the Group information and is shown in note 26.

41 First time adoption of FRS 101 and Prior year adjustments – Company

As stated in note 1, the Company's financial statements have been prepared in accordance with FRS 101 'Reduced Disclosure Framework'. The date of transition to FRS 101 is 1 January 2021.

In preparing its opening FRS 101 Statement of financial position and adjusting amounts reported previously in the financial statements prepared in accordance with Financial Reporting Standard 102 1A - The Financial Reporting Standard applicable in the UK and Republic of Ireland (previous GAAP), the Company has applied IFRS 1 First-Time Adoption of International Financial Reporting Standards, which contains a number of voluntary exemptions and mandatory exceptions from the requirement to apply IFRS retrospectively.

The note disclosure also includes restatement for errors that should have otherwise been reported for under FRS 102.

Notes to the financial statements

Statement of Financial Position	At 1 January 2021			At 31 December 2021		
	UK GAAP (FRS 102) £000	Transition adjustments £000	IFRS (FRS 101) £000	UK GAAP (FRS 102) £000	Prior year restatements £000	IFRS (FRS 101) £000
Non-current assets						
Investments [2]	-	-	-	-	53	53
	-	-	-	-	53	53
Current assets						
Trade and other receivables [4]	3,307	-	3,307	5,288	(55)	5,233
Total assets	3,307	-	3,307	5,288	(2)	5,286
Current liabilities						
Convertible loan notes [1,3,4]	55	(15)	40	(755)	193	(562)
Derivative [1]	-	14	14	-	-	-
Total liabilities	55	(1)	54	(755)	193	(562)
Net assets	3,252	1	3,253	4,533	191	4,724
Equity						
Called up share capital	2	-	2	3	-	3
Share premium account	3,347	-	3,347	4,627	-	4,627
Share-based payment reserve [2]	-	-	-	-	114	114
Convertible loan note reserve [3]	-	-	-	-	171	171
Retained earnings [1,2,3]	(97)	1	(96)	(97)	(94)	(191)
Total equity	3,252	1	3,253	4,533	191	4,724

Notes to the financial statements

Statement of Comprehensive Income for the year ended 31 December 2021:

	UK GAAP (FRS 102) £000	Prior year restatements £000	IFRS (FRS 101) £000
Non-underlying items [2]	-	(61)	(61)
Loss from operations	-	(61)	(61)
Finance expense [3]	-	(33)	(33)
Other gains	-	-	-
Loss before tax	-	(94)	(94)
Taxation	-	-	-
Loss for the year	-	(94)	(94)
Other comprehensive income			
Total other comprehensive income	-	-	-
Total comprehensive expense	-	(94)	(94)

Transition adjustments – Company

[1] Convertible loan notes
Adjustments to recognise convertible loans notes under IAS 32, whereby the embedded derivative element of the hybrid financial instrument, totalling £14,000 was reclassified from convertible loan notes to derivatives within the statement of financial position. The remaining fair value movement of £1,000 was recognised within the income statement.

Prior year restatements – Company

[2] Share-based payments
The Company was required under FRS 102 in the year ended 31 December 2021 to recognise a cumulative share-based payment of £114,000, allocated £53,000 to the cost of investment in its subsidiary and £61,000 was recognised in its income statement within non-underlying items. The amounts recognised as an investment is in respect to the individuals employed by the subsidiary having been granted rights to equity instruments in the Company.

[3] Convertible loans
The Company was required under FRS 102 to recognise the equity portion of the compound convertible loan notes that were issued in the year to 31 December 2021, rather than at their face value. The effect of this is the inclusion of a convertible loan note reserve of £171,000, a reduction in the loan value presented of £196,000 and an increase in the finance cost recognised in the income statement of £33,000.

Notes to the financial statements

[4] Intercompany loans

The Company has corrected its classification between its intercompany loan, included withing trade and other receivables and the convertible loan balance to the value of £55,000. This has no impact other than on presentation.

Shareholder information

Shareholder enquiries
Any shareholder with enquiries should, in the first instance, contact the Company's registrar, Neville Registrar, using the address provided in the Company information section of this Annual Report.

Share price information
London Stock Exchange AIM symbol: LIFS.

Information on the Company's major shareholders is available in the Shareholder Information section of the Investors area of the LifeSafe Holdings plc website at www.lifesafeholdingsplc.com.

Investor relations
1 Sopwith Crescent
Wickford
Essex
SS11 8YU

Email: info@lifesafetechnologies.com
Website: www.lifesafeholdingsplc.com